This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering is not made to, nor will subscriptions be accepted from, any non-resident of Canada or any person in the United States of America. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities. Other than as disclosed in this Offering Memorandum and any marketing materials of the Trust, no person has been authorized to give any information or make any representation in respect of the Trust or the securities offered herein and any such information or representation must not be relied upon.

Private Placement | **OFFERING MEMORANDUM** | **January 31, 2025**

TREZ CAPITAL
PRIVATE REAL ESTATE FUND

Trez Capital Private Real Estate Fund Trust

1700 – 745 Thurlow St., Vancouver, BC V6E 0C5
Phone #: (604) 689-0821 Fax#: (604) 638-2775
www.trezcapital.com
is@trezcapital.com

Trez Capital Private Real Estate Fund Trust (the "Trust") is not a reporting issuer and its securities do not trade on any exchange or market.

Issuer	The Trust is a trust formed under the laws of British Columbia on June 2, 2021.
SEDAR Filer:	The Trust is only a SEDAR filer as required under Section 2.9 of National Instrument 45-106 – *Prospectus Exemptions* and does not file continuous disclosure documents on SEDAR required to be filed by reporting issuers.
Securities offered:	Series A, Series F and Series I Units.
Price per security:	The price per Unit will be determined by Trez Capital Fund Management Limited Partnership (the "**Manager**"), from time to time, as set out in the subscription agreement between subscribers and the Trust, in each case. The price per Unit is adjusted each month, at the Manager's discretion, to reflect the Net Asset Value per Unit based upon the increases or decreases in the Net Asset Value of the Trust's assets, as set out in the applicable subscription agreement at the time of subscription.
Minimum/Maximum offering:	**There is no minimum or maximum Offering. You may be the only purchaser.**
Minimum Purchase:	Any initial purchase by an investor must be a minimum of $25,000, denominated in Canadian dollars.
Payment terms:	Any of a bank draft, certified cheque or wire transfer on Closing.
Proposed closing date(s):	Continuous offering. Closings will occur at the discretion of the Manager.
Income tax consequences:	There are important tax consequences to these securities. See "*Certain Canadian Federal Income Tax Considerations*" *and "Eligibility for Investment".*
Insufficient Funds:	**Funds available under this Offering may not be sufficient to accomplish our proposed objectives. See "The Trust's Business – Insufficient Funds".**
Compensation Paid to Sellers and Finders:	A person has received or will receive compensation for the sale of the Units under this Offering. See "Compensation Paid to Sellers and Finders".
Resale restrictions:	You may be restricted from selling your securities for an indefinite period. See "*Resale Restrictions*".
Payments to Related Party:	Some of your investment will be paid to a related party of the Trust. See "Use of Available Funds".
Certain Related Party Transactions:	This Offering Memorandum contains disclosure with respect to one or more transactions between the Trust and a related party, where the Trust was paid more by a related party than the Trust paid for an interest in real property. See "Related Party Transactions".
Conditions on Redemption	**You will have a right to require the Trust to redeem the Units from you, but this right is qualified by the fact that Units are redeemable at the demand of the Unitholders, upon thirty days' written notice at a Redemption price equal to Net Asset Value per Unit of the applicable Series of Unit in effect at the time of Redemption less any applicable fees. Units will be redeemed at 90% or 95% of the amount otherwise computed if the Units are redeemed within the first and second year, respectively, after issuance. The Manager is not obligated to make cash Redemptions of Units for amounts exceeding, in aggregate, 1% per calendar month and 1.25% per consecutive three month period, of the total outstanding Units of the Trust in any given month. Any Redemption requests in excess of the cash amounts may be redeemed for consideration consisting of Redemption Notes. In addition, the Trustee, on advice of the Manager, may suspend the Redemption of Units or payment of Redemption proceeds. An investment in Units should be considered a medium or long-term investment. While the Units have rights of redemption, subject to certain important restrictions, there can be no assurance that Unitholders will have any expected liquidity event in the short-term, in the event of certain of the risk factors outlined herein materializing, other than receiving cash distributions from the Trust. As a**

	result, you might not receive the amount of proceeds that you want. See "Securities Offered – Unitholder's Right to Redeem" and "Suspension of Redemptions".
Purchaser Rights:	You have two Business Days to cancel your agreement to purchase these securities. If a misrepresentation is made in this Offering Memorandum, you have the right to damages or to cancel the agreement. See "*Purchasers' Contractual and Statutory Rights of Action*".

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "*Risk Factors*".

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CAUTIONARY STATEMENTS

An investment in Units is speculative. A potential investor should purchase Units only if it is able to bear the loss of its entire investment. Potential investors should read "Risk Factors" prior to making an investment in Units.

In this Offering Memorandum, unless otherwise indicated, all dollar amounts stated herein, unless otherwise stated, are expressed in Canadian currency.

Forward Looking Statements

This Offering Memorandum contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "proposes", "expects", "estimates", "intends", "anticipates" or "believes", or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "likely" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Trust to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results, performance and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Offering Memorandum. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect including, but not limited to: the completion of this Offering, the ability of the Trust to acquire and maintain investments capable of generating the necessary annual yield or returns to enable the Trust to achieve its Investment Objectives, the ability of the Trust to establish and maintain relationships and agreements with key strategic partners, the maintenance of prevailing interest rates at favourable levels, the ability of the Manager to effectively perform its obligations to the Trust, anticipated costs and expenses, competition, and changes in general economic conditions. While the Trust anticipates that subsequent events and developments may cause its views to change, the Trust specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the Trust's views as of any date subsequent to the date of this Offering Memorandum. Although the Trust has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Trust. Additional factors are noted under "*Risk Factors*".

CERTAIN ASPECTS OF THE OFFERING

The Offering is a "blind pool" offering. The specific investments in which the Trust will invest have not been identified as of the date of this Offering Memorandum, other than the existing Investment Portfolio, which includes the investments identified in the section "*Trust Structure - Investment Portfolio of the Trust as at December 31, 2023*". See "*Risk Factors*". For information concerning the investment strategy of the Trust, see "*The Trust's Business*". For a description of the anticipated use of the Offering proceeds, see "*Use of Available Funds*".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference as part of this Offering Memorandum:

(a) the marketing materials related to this Offering prepared on or before the date of this Offering Memorandum delivered or made reasonably available to a prospective purchaser; and

(b) the marketing materials related to this Offering which may be prepared after the date of this Offering Memorandum and delivered or made reasonably available to a prospective purchaser prior to the termination of this Offering.

Any marketing materials used in connection with the Offering are not part of this Offering Memorandum to the extent that the contents of the marketing materials have been modified or superseded by a statement contained in this Offering Memorandum.

SUMMARY

The following is a summary of certain information contained in this Offering Memorandum, and reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum. All capitalized terms used in this summary, which are not otherwise defined in this summary, shall have the meanings ascribed in the Glossary.

Offering:	A continuous offering of Series A, Series F and Series I Units. There is no maximum or minimum offering amount. See "*Securities Offered - Subscription for Units*". A Subscriber whose subscription is accepted will become a Unitholder of the Trust. The Manager will have discretion to determine the timing and type of Units of the Trust which will be offered for sale to investors from time to time.
Subscription Price:	The subscription price per Unit will be determined by the Manager, from time to time, as set out in the subscription agreement between subscribers and the Trust, in each case. The subscription price per Unit is adjusted each month, at the Manager's discretion, to reflect the Net Asset Value per Unit based upon the increases or decreases in the Net Asset Value of the Trust's assets, as set out in the applicable subscription agreement at the time of subscription.
Minimum Subscription:	There is an initial minimum subscription of $25,000. Residents of certain provinces may be restricted in the amount they can invest when relying on this Offering Memorandum. See "*Securities Offered - Subscription for Units*".
Early Investor Feature:	Under the initial offering of the Trust there was an early investor feature under which the first $45,000,000 of Units (based on the aggregate Subscription Price) which were sold by the Trust prior to November 30, 2021, will have no Management Fee charged to those Units for a period of one year from September 1, 2021. This Early Investor Feature was offered to initial investors of the Trust in recognition of such investors' investment at the early stages of the Trust. To the extent applicable, the eliminated management fee may be achieved by way of rebates paid to applicable Unitholders settled through the issuance of additional Units of the applicable Series to the Unitholder at a deemed price equal to the Net Asset Value of the applicable Series of Unit at the time of the rebate.
Business Objective:	The business objective of the Trust is to preserve capital while maximizing the long-term value of the Units, and over the long-term, to generate a stream of income distributions and capital appreciation on a tax efficient basis. The Trust plans to achieve its business objectives primarily by using the platform and expertise of the Manager to source strategic Real Property investment and lending opportunities with a bias towards Equity Investments in ground up construction projects through joint ventures with real estate developers. After Real Property has been either developed or improved to maximize its cash flow and value, the Trust will often maintain these assets as long-term hold investments – a "Built-to-Hold" strategy to maximize the long-term value of the Units. The Manager sees an opportunity to invest in either undeveloped land or underperforming existing Real Property where the all-in cost to acquire and either build or improve such Real Property is notably less than the market acquisition price of comparable stabilized assets. The execution of this strategy will allow Unitholders to participate in a share of the capital appreciation that occurs during the development or value-add phase of projects, and earn enhanced income returns due to the lower cost basis of the Trust's cash flowing assets. At the discretion of the Manager, the Trust may also invest in high yielding Mezzanine Loans, Equity Investments, Mortgage Investments, and land developments, acquire stabilized Real Property on

an opportunistic basis, and provide Real Estate Company Financings. Such investments are expected to provide an additional source of cash flow to the Trust.

Series:

Investments in the Trust are represented by Units. The Trust is permitted to have an unlimited number of Series of a single class, with such terms and conditions as the Manager may determine. No Series will have priority over any other Series of the same class, but each Series may differ with respect to one or more of their features, such as fees, distributions and the Redemption Price, as set out in this Offering Memorandum. The Manager may, at any time and from time to time, authorize the Trust to issue additional Series without the authorization of Unitholders. See "*The Trust's Business – Material Agreements – Declaration of Trust*" and "*Securities Offered*".

Purchases of Units may be effected through direct investment or through the settlement network operated by FundSERV Inc. using the following codes:

Series A Units:	TRZ600
Series F Units:	TRZ610
Series I Units:	TRZ620

Distribution Policy:

The Trust will make a distribution of Distributable Cash, if any, to Unitholders of record at each calendar month end at the discretion of the Manager. Such distributions will be payable in arrears by the 30th day following the month to which the distribution relates.

Unitholders who redeem their Units prior to a month end will not participate in distributions for that month.

The Series Manager Units represent an equity interest in the Trust and, once fully vested, will entitle the Manager to receive:

(i) 5% of any distributions made by the Trust to its Unitholders; and

(ii) 5% of the proceeds of any Redemption amounts paid to Unitholders.

See "*The Trust's Business – Material Agreements - Manager Participating Interest*".

Distributions made by the Trust will generally be paid in cash. To the extent the Trust has Taxable Income and there is insufficient cash to fully distribute this Taxable Income, the Trust may make a distribution of Units. Such a distribution may be immediately followed by a Unit consolidation, so that immediately thereafter, a Unitholder's number of Units and Net Asset Value per Unit are unchanged.

The Trust has not adopted a DRIP. The Manager, in its sole discretion, may at a future date have the Trust adopt a DRIP for Unitholders in respect of their Units.

In any year, due to differences in timing in the earnings process, Taxable Income calculations and available cash, cash distributions are unlikely to equate to Taxable Income.

See "*Securities Offered – Terms of Securities*".

Redemption by Unitholder:

Subject to the restrictions below, Units are redeemable in increments of not less than $5,000 at the demand of the Unitholders, upon 30 days' written notice at the Redemption Price. Notwithstanding the foregoing, if after any Redemption, the remaining Units held by a Unitholder are equal to less than $5,000, then the Manager will redeem all of such Unitholder's remaining Units in such increment as is remaining.

Redemptions of Units that occur within two years after issuance of such Units will be redeemed at a reduced Redemption Price, as follows:

(i) Redemptions within the first year after issuance will be redeemed at 90% of the Redemption Price; and

(ii) Redemptions within the second year after issuance will be redeemed at 95% of the Redemption Price.

Redemptions will be processed by the Trust on a monthly basis, as determined by the Manager in its discretion. In any given month, the Trust will not be obligated to make cash Redemptions of Units that exceed the following thresholds: (i) in a calendar month (when calculated in aggregate with all Units which are subject to valid Redemption requests received from Unitholders and which are redeemable in such calendar month), 1% of the total outstanding Units at the at the end of such calendar month, and (ii) for any consecutive period of three calendar months (when calculated, in aggregate, with all other Units either previously redeemed during such three month period, or which are subject to valid Redemption requests received from Unitholders and which are redeemable during such period), 1.25% of the total outstanding Units at the end of such calendar month. Additionally, in any given calendar month, if the Trust receives valid Redemption requests which, in the aggregate, exceed any of the foregoing thresholds, then the Trust shall advise the applicable Unitholders in writing that all or a portion of the Redemption Price payable in respect of the Units tendered for Redemption on the applicable Redemption date shall be paid by the Trust issuing Redemption Notes to such Unitholders. Cash Redemptions shall by paid to Unitholders on a pro rata basis, only in respect of such number of Units which, in aggregate, do not exceed such thresholds, with the balance to be paid by the Trust issuing Redemption Notes. The Manager in its discretion may increase the allowable Redemption thresholds.

Unitholders may revoke the Redemption request if the Manager advises that the Redemption proceeds will be satisfied, in whole or in part, with Redemption Notes. The Unitholder may revoke (or amend) the Redemption request attributable to the Redemptions proceeds that will be satisfied in Redemption Notes while still receiving the portion of Redemption proceeds that are payable in cash, if any.

Redemption Notes will not be liquid and will not be a qualified investment for Deferred Plans. Adverse tax consequences generally may apply to a Unitholder, or Deferred Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the Redemption of Units. Accordingly, Unitholders that propose to invest in Units through Deferred Plans should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such Units.

In extraordinary circumstances, for a period of not more than 12 months, subject to compliance with applicable securities laws, the Manager may suspend the Redemption of Units, or postpone the day of payment or right of Redemption, for or during any period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust, impair the ability of the Manager to determine the value of the assets held by the Trust, or risk having an adverse impact on the Trust as a whole. See "*Securities Offered – Suspension of Redemptions*".

Closing: Closings will take place on such dates as the Manager determines.

Fees and Equity Interest: See "*The Trust's Business – Material Agreements – Declaration of Trust – Manager's Fees*".

Management Fees: The Manager will be entitled to receive:

(i) an annual fee equal to 2.50% of the Net Asset Value of the Series A Units;

(ii) an annual fee equal to 1.50% of the Net Asset Value of the Series F Units, except that this fee shall not be applicable to Series F Units that qualify for the Early Investor Feature for a period of one year from September 1, 2021; and

(iii) an annual fee equal to a percentage (to be determined by the Manager) of the Net Asset Value of the Series I Units, except that this fee shall not be applicable to Series I Units that qualify for the Early Investor Feature for a period of one year from September 1, 2021,

each as calculated and payable on a monthly basis.

Acquisition Fees:

The Manager will be entitled to receive an Acquisition Fee equal to:

(i) in the case of stabilized Real Property acquired by the Trust or Sub-trust 1.0% of the purchase price (including closing costs and fees) of any such property;

(ii) in the case of either ground up construction or value add Real Property, 1.0% of the pro forma cost of such real estate project; or

(iii) 1.0% of the capital committed to any other investment such as Mezzanine Loans, Equity Investments, Real Estate Company Financings or Mortgage Investments made by the Trust or Sub-trust,

in each case, multiplied by the percentage interest expected to be held by the Trust or Sub-trust in the investment as contemplated by the limited partnership agreement or other similar agreement or document entered into with the applicable investment entity at the time of acquisition or capital commitment.

Exit Fees:

The Manager will be entitled to receive a fee equal to: (i) 0.5% of the gross sale price of any property (in the case of Real Property or Equity Investments) sold by the Trust or Sub-trust (or indirectly through the Trust or Sub-trust) from the assets attributable to the Units, multiplied by the percentage ownership interest held in the investment by the Trust at the time of sale.

Manager Participating Interest:

The Declaration of Trust provides for the issuance of Series Manager Units, one of which will be issued to the Manager on the date of the first Closing, which will entitle the Manager to the distribution payment, Redemption proceed rights and income allocation as described below. The Series Manager Units represent an equity interest in the Trust and, once fully vested, will entitle the Manager to receive, in aggregate: (i) 5% of any distributions made by the Trust to its Unitholders; and (ii) 5% of the proceeds of any Redemption amounts paid to Unitholders.

The Manager Participating Interest will vest monthly over a three-year period from the date the initial Series Manager Unit was issued, such that a total of 2% vested by the end of the first year, 2% will vest by the end of the second year for an aggregate of 4%, and the final 1% will vest by the end of the third year. At the end of the three-year period, the Manager will have a 5% equity interest in the Trust, and will therefore be entitled to receive 5% of any distributions and 5% of any Redemption proceeds.

The Series Manager Units will also be entitled to the number of votes that equates (i) the total percentage voting power of all of the outstanding Series Manager Units based on the aggregate number of Units outstanding from time to time, to (ii) the vested percentage of the Manager Participating Interest at such time. For instance, once the Manager Participating Interest has fully vested after 35 months, if there is one Series Manager Unit outstanding, the number of votes attaching to that Series Manager Unit will be equal to 5% of the total combined voting power of all outstanding Units at any given time. However, if there are five Series Manager Units outstanding, the number of votes attaching to each Series Manager Unit would be equal to 1% of the total combined voting power of all outstanding Units at any given time, and in aggregate 5% of the total combined voting power of all outstanding Units at such time.

The Manager will share in the Taxable Income of the Trust through its Series Manager Units based on the portion of the Manager Participating Interest vested from time to time. To the extent the Trust has Taxable Income and there is insufficient cash to fully distribute this Taxable Income, the Trust may make a distribution of additional Series Manager Units to the Manager. Such a distribution may be immediately followed by a Unit consolidation, so that immediately thereafter, the Manager only holds one Series Manager Unit and Net Asset Value per Unit is unchanged.

Through the Series Manager Units, the Manager will receive up to a 5% equity interest based on the Net Asset Value of the Trust instead of a traditional carried interest model that allocates a percentage of profits to the Manager over a specified hurdle rate. The Manager believes that an earned equity model of up to 5% more closely aligns the interests of the Manager with that of Unitholders over the long-term than a traditional carried interest model that is more suitable for investment funds with shorter terms or defined investment periods. The Manager believes the earned equity model fully aligns the Manager and Unitholder interests as the Manager directly participates with Unitholders in the risks and rewards of the Investment Portfolio. This prevents the Manager from managing the Investment Portfolio in a way that seeks to maximize the carried interest while potentially taking on an inappropriate level of risk to the Trust. If Trez Capital Fund Management Limited Partnership or its Affiliates are removed or terminated as the Manager, pursuant to a Special Resolution, the Manager Participating Interest shall survive such removal or termination. If Trez Capital Fund Management Limited Partnership resigns as Manager, it will forego the Manager Participating Interest.

Trailer Fees:

The Manager will pay a Trailer Fee to registered dealers in respect of the Series A Units equal to 1.0% per annum of the Net Asset Value of the Trust attributable to the Series A Units, payable monthly in arrears. The Trailer Fee will be paid by the Manager from the amount received by the Manager in respect of the Series A Management Fee. As a result, the Trailer Fee will be an expense that will be indirectly allocated to holders of Series A Units, and will reduce the Net Asset Value attributable to holders of Series A Units.

Net Asset Value and the Valuation Policy

Net Asset Value is defined as the Trust's assets less its liabilities based on the value of each item as determined in accordance with the Valuation Policy and as adjusted for certain items as outlined in the Calculation of the Net Asset Value of Units and Net Asset Value per Unit.

The Net Asset Value will be determined by the Manager on a monthly basis as of each Valuation Date.

The Net Asset Value per Unit may vary between the different Series.

Net Asset Value will be calculated in Canadian dollars while the currency of the underlying investments will likely be primarily U.S. dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to the U.S. dollar. In order to mitigate, but not eliminate, the adverse effects of a decline in the U.S. dollar versus the Canadian dollar, the Trust

currently hedges U.S. dollar denominated investments by way of foreign exchange swaps.

The Manager intends to reassess its currency hedging strategy from time to time. The Manager's hedging strategy and future hedging transactions will be determined at its sole discretion. Accordingly, the Net Asset Value, when expressed in Canadian dollars, may fluctuate in accordance with fluctuations in the Canada/U.S. dollar exchange rate.

Given the time required for the Manager to calculate and report Net Asset Value, the Net Asset Value as of a certain Valuation Date will not be available until the subsequent month. This will result in a one-month difference between the Net Asset Value in effect as a Transaction Price at a particular month and the actual Net Asset Value as at such month. Accordingly, the Subscription Price or Redemption Price for a particular Series of Unit, which is based on the Net Asset Value of such Series, at any given month, will be based on the Net Asset Value for the prior month.

While the applicable Redemption Price and Subscription Price will be equal at any given Valuation Date, the application of the Manager Participating Interest will affect the cash proceeds actually payable to Unitholders who redeem Units. Subscriptions for Units will be priced at the Subscription Price at the applicable Valuation Date and Subscribers will be required to pay to the Trust the aggregate Subscription Price for the Units purchased (for the avoidance of doubt, the vested portion of the Manager Participating Interest will not be deducted from the aggregate Subscription Price owed by the Subscriber). Redemptions of Units will be based on the Redemption Price at the applicable Valuation Date; however, the actual cash proceeds paid to the redeeming Unitholders will be based on the aggregate Redemption Price of the redeemed Units net of the vested portion of the Manager Participating Interest payable in respect of such Redemption. For example, if the Manager Participating Interest were fully vested and the Transaction Price for a Series of Units was $200.00, then a subscription for a Unit would require the Subscriber to pay an aggregate cash price of $200.00, while the Redemption of a Unit would only garner cash proceeds to the Unitholder of $190.00 (or $200.00 multiplied by one minus the fully vested Manager Participating Interest). The balance of $10.00 would be paid to the Manager, based on the rights of the Manager pursuant to the Manager Participating Interest to receive 5% of any Redemption amounts paid to Unitholders.

See "*The Trust's Business – Valuation Policy*".

Use of Proceeds:

The Trust will use the net proceeds from the Offering to make investments as set out in "*The Trust's Business - Investment Objectives*". In the event that the Trust is required to redeem Units, a portion of the available funds may be used to satisfy any such Redemptions.

The Trust will pay the expenses of this Offering up to a maximum amount equal to 2.0% of actual Subscription Proceeds raised under the Offering, plus any selling commissions expense. The costs of the Offering will initially be borne by the Manager and billed to the Trust in equal installments over a five year period beginning February 1, 2022. The Manager will be responsible for and will pay any offering costs, excluding any selling commissions and fees, which exceed an amount equal to 2.0% of the actual Subscription Proceeds raised under the Offering.

Distribution on Termination:

On the termination of the Trust, the assets of the Trust will be liquidated and the proceeds distributed in the following order:

(a) firstly, to pay the liabilities of the Trust (including any outstanding Redemption Notes and unpaid fees and expenses of the Manager (excluding the Manager Participating Interest)) and to establish reserves for the contingent liabilities of the Trust; and

(b) secondly, to redeem the Units on a pro rata and pari passu basis from the Unitholders (including the Series Manager Units which will be redeemed based on the portion of the Manager Participating Interest vested at such time).

See "*Securities Offered - Distribution on Termination of the Trust*".

Taxation of the Trust and Unitholders:

Generally, the Trust should not be liable for tax under Part I of the Tax Act on its Taxable Income to the extent it is distributed to its Unitholders. If the Trust has income that is liable to United States income tax, such tax will be paid by the Sub-trust which will then either claim the foreign tax credit itself or the Sub-trust and Trust will make designations that generally will provide Unitholders with a foreign tax credit for foreign tax paid by the Sub-trust. The Trust will not be liable to tax as a "specified investment flow-through trust" or "SIFT trust".

Each Unitholder will be required to include in computing the Unitholder's income for a particular year the portion of the Taxable Income of the Trust for the year distributed in cash and Units to the Unitholder.

Distributions not included in a Unitholder's income, other than the non-taxable portion of net realized capital gains, will generally reduce a Unitholder's adjusted cost base of the Units held. On a Redemption or other disposition of Units, whether in cash or Redemption Notes, the Unitholder will realize a capital gain or loss to the extent that the proceeds of disposition exceed or are exceeded by the adjusted cost base of the Units. One-half of any capital gain realized by a Unitholder on the disposition of Units must be included in the Unitholder's income as a taxable capital gain. One-half of a capital loss is an allowable capital loss, which may be deducted from taxable capital gains realized by the Unitholder in a year. Allowable capital losses of a Unitholder that exceed taxable capital gains of the Unitholder in a year may be carried back three years or forward indefinitely and deducted against net taxable capital gains realized in those earlier or later years.

Pursuant to the 2024 Capital Gains Proposals, subject to certain transitional rules, the portion of a capital gain or capital loss included in the taxable capital gain or allowable capital loss will be increased from one-half to two-thirds in respect of (i) dispositions realized by a Unitholder that is an individual (excluding most types of trusts) on or after June 25, 2024, for the portion of capital gains realized in the year that exceed $250,000 from all dispositions, and (ii) dispositions realized by a Unitholder that is a corporation or trust on or after June 25, 2024.

As a result of the prorogation of Parliament on January 6, 2024, all Tax Proposals, including the 2024 Capital Gains Proposals (as defined below) "died on the order paper". As such, should the Government wish to proceed with such 2024 Capital Gains Proposals, they will need to be reintroduced during the next session of Parliament. The Department of Finance (Canada) and the CRA have announced that, although the 2024 Capital Gains Proposals are subject to Parliamentary approval, consistent with standard practice, the CRA is administering the changes to the capital gains inclusion rate effective June 25, 2024, based on the proposals included in the notice of ways and means motion tabled September 23, 2024. The Department of Finance (Canada) has further publicly stated that, if no bill is passed in the House of Commons, and the Government signals its intent to not proceed with the proposed measures, the CRA would cease to administer them. On January 31, 2025, the Minister of Finance announced that the federal government is deferring - from June 25, 2024 to January 1, 2026 - the date on which the capital gains inclusion rate would increase from one-half to two-thirds on capital gains realized annually above $250,000 by individuals and on all capital gains realized by corporations and most types of trusts. No assurances can be given that the 2024 Capital Gains Proposals will be enacted, in either the form most recently proposed (including the proposed deferral announced on January 31, 2025) or at all. Resident Unitholders are strongly advised to consult with their own tax advisors to assess the potential impact of the 2024 Capital Gains Proposals in their particular circumstances and the announcement on January 31, 2025 that the Minister of Finance will defer the 2024 Capital Gains Proposals until January 1, 2026.

To the extent the Trust's investments include assets denominated in currencies other than Canadian dollars, the income derived from those assets must be determined for purposes of the Tax Act in Canadian dollars, and the Trust may therefore recognize gains or losses by virtue of fluctuations in the value of foreign currencies relative to Canadian dollars. To the extent the Trust earns income in the United States, it is also exposed to changes in U.S. federal and state tax laws, tax proposals, other governmental policies or regulations and U.S. governmental, administrative or judicial interpretation of the same.

Investment by Deferred Plans: The Trust is a mutual fund trust as defined in the Tax Act. As such, the Units of the Trust are qualified investments for Deferred Plans.

Redemption Notes will not be a qualified investment for Deferred Plans, and this may give rise to adverse consequences to such Deferred Plan or the holder of or the annuitant or beneficiary under that Deferred Plan. Accordingly, holders, annuitants or beneficiaries of Deferred Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units. See "*Certain Canadian Federal Income Tax Considerations*" for discussion regarding the qualification of the Trust as a mutual fund trust.

Transfer of Units: Units are transferable, subject to the Manager's discretion to allow any such transfer and compliance with applicable laws, including any applicable securities laws. Units are also transferable by operation of law (such as the death or bankruptcy of a Unitholder). Securities laws will restrict, and may prohibit, transfers of Units. A Unitholder holder may also dispose of Units by having them redeemed, subject to certain restrictions. See "*Resale Restrictions*".

Risk Factors: Investment in the Trust entails a number of risks. This Offering is not suitable for investors who cannot afford to assume any moderate risks in connection with their investments. These risks include the following:

(a) The Trust is exposed to local, regional, national and international economic conditions and other events and occurrences beyond its control, including, but not limited to the following: credit and capital market volatility, business investment levels, government spending levels, consumer spending levels, changes in laws, rules or regulations, trade barriers, commodity prices, currency exchange rates and controls, national and international political circumstances, changes in interest rates, inflation rates, the rate and direction of economic growth, and general economic uncertainty. Changes in any of the above may have a material adverse effect on the performance of the investments.

(b) There can be no assurance that the Trust will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, and achieve its targeted rate of return.

(c) The investments in which the Trust will invest have not all yet been identified and will not all be identified until after a Closing. Investors must broadly rely on the expertise and integrity of the Manager and the Trustee. If the Trust is not able to locate or close on sufficient or suitable opportunities this could materially impact the performance of the Trust.

(d) Investors who are not willing to rely on the discretion and judgment of the Manager and Trustee should not subscribe for Units. While the Trust anticipates that it will be able to identify appropriate investments on an ongoing basis that will satisfy the Trust's Investment Objective and achieve acceptable returns on investment, there can be no assurance the Trust will be able to either identify or agree to favourable terms to be able to close on suitable or sufficient opportunities to meet its Investment Objectives or Investment Restrictions. If the Trust is not able to locate or close on sufficient or suitable opportunities this could materially impact the performance of the Trust.

(e) There can be no assurance that the investments of the Trust will result in a guaranteed rate of return or any return to Unitholders or that losses will not be suffered on one or more investments.

(f) There can be no assurance that the Trust will be able to achieve its distribution targets or that the Trust will make any distributions in any particular month.

(g) There is no market through which the Units may be sold and a market for the Units is not expected to develop. Units are transferable, subject to the Manager's discretion to allow any such transfer and compliance with applicable laws, including any applicable securities laws. Units are also transferable by operation of law (such as the death or bankruptcy of a Unitholder). Securities laws will restrict, and may prohibit, transfer of Units. See "*Resale Restrictions*".

(h) The Trust is authorized to issue an unlimited number of Units. Any issuance of additional Units may have a dilutive effect on the Unitholders.

(i) Most of the investments are expected to be made in the U.S. Additionally, the Manager may also invest globally in opportunities that align with the Trust's Investment Objectives and Investment Restrictions. The Trust may face cross-border risks, including risks relating to political policy changes, staffing and managing cross-border investments, tariffs and other trade barriers, differing and potentially adverse tax implications, increased and conflicting regulatory compliance, and challenges caused by distance and cultural difference. The U.S. government has threatened to introduce tariffs of 25% on certain goods from Canada and Mexico, and 10% tariffs on certain goods from China and oil & gas from Canada sold in the U.S. In response, Canada and Mexico have indicated that they would introduce retaliatory tariffs, and China has indicated that it would take countermeasures, including challenging the imposition of the tariffs with the World Trade Organization. The tariffs, if introduced, would likely apply to certain building products, among many other products. The impact of these tariffs, if introduced, are uncertain and may have an adverse effect on the overall economies of the U.S. and Canada, real property values and our joint venture partners' ability to complete projects within expected timelines and budgets, which could adversely impact the investments and returns of the Trust. There is a level of uncertainty as to the impact that future political policy changes in the U.S. or any other foreign jurisdiction may have on the Trust.

(j) Unitholders will be investing in Units priced in Canadian dollars and will receive distributions in Canadian dollars. However, the business of the

Trust is anticipated to be primarily conducted in the U.S. and income and gains will be primarily earned and expenses and losses will likely be primarily incurred in U.S. dollars. Accordingly, investors who purchase Units are subject to currency exchange rate risk. The Trust currently undertakes currency hedging transactions. However, the Manager, in its sole discretion, will determine hedging strategy and future hedging transactions.

(k) The success of the Trust depends on the abilities, experience, efforts and industry knowledge of its management. The loss of the services of key personnel could have a material adverse effect on the Trust's business, financial condition, results of operations or future prospects.

(l) Although the Manager has a track record and extensive experience in real estate financing, the Manager has a more limited track record and experience in investing in Real Property, Mezzanine Loans and Real Estate Company Financings. Additionally, the past performance of the Manager in such investments cannot be considered an indication of future results.

(m) The role of the Board of Governors is generally advisory in nature with a focus on overseeing and managing conflicts of interest that may arise between the Manager, the entities managed by it and Affiliates thereof. The Board of Governors is not involved in the day-to-day management of the Trust. Its duties differ from those of the board of directors of a corporation as its responsibilities are limited to those expressly set forth in the Declaration of Trust and substantially all powers, authorities and responsibilities in respect of the Trust are those of the Manager. While the Declaration of Trust sets out that the Board of Governors has the duty to ensure the actions of the Manager and the Trustee are, at all times, in accordance with the terms of the Declaration of Trust, the Board of Governors has limited insight into the day-to-day operations and activities of the Manager and is, to a large degree, reliant upon the Manager reporting its activities to the Board of Governors. Accordingly, while the Board of Governors meets at least quarterly and has adopted certain corporate governance and other practices that are consistent with market practices to mitigate the risk of non-compliance with the Declaration of Trust by the Manager, there can be no assurance that such non-compliance may occur given the Board of Governor's limited ability and authority to oversee and monitor the activities and operations of the Manager on a day-to-day basis and its reliance on the Manager to report on such activities.

(n) Unitholders may exercise their right of Redemption subject to certain restrictions. The Units are also subject to a reduced Redemption Price for any Redemption by Unitholders made within two years after each Unit is issued. Conditions may arise which would cause the Manager to suspend the Redemption of Units, or postpone the day of payment or right of Redemption, for or during any period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust, impair the ability of the Manager to determine the value of the assets held by the Trust, or risk having an adverse impact on the Trust as a whole. There is a risk that the Trust's investment in illiquid assets could make it difficult for the Trust to fund Redemption requests. See "*Securities Offered – Unitholder's Right to Redeem*".

(o) The Units share certain attributes common to equity securities. The Units represent an undivided interest in the value of the net assets of the Trust. However, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

(p) The Manager is required to satisfy a standard of care in exercising its duties with respect to the Trust. However, neither the Manager nor its officers, directors, Affiliates or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Trust. The Manager and its officers, directors, Affiliates, or employees may undertake financial, investment or professional activities which give rise to conflicts of interest with respect to the Trust.

(q) Real Property investments are relatively illiquid. This illiquidity will tend to limit the ability of the Trust to respond to changing economic or investment conditions. If the Trust were to be required to liquidate assets quickly, there is a risk the proceeds realized from such sale would be less than the Net Asset Value of the assets or less than what could be expected to be realized under normal circumstances.

(r) In any year, the cash distributions paid by the Trust may not equal the Taxable Income. As such, it is possible that investors could have Taxable Income and a corresponding tax liability and insufficient cash proceeds to pay this liability.

(s) The after-tax return from an investment in Units to Unitholders who are subject to Canadian federal income tax will depend in part on Unitholders' ability to recognize foreign tax credits or foreign tax deductions for purposes of the Tax Act. Furthermore, foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal and provincial and U.S. federal and state income tax rates that will prevail in future years to apply to applicable sources of income. Unitholders that are subject to Canadian federal Income tax are therefore advised to consult their own tax advisors with regards to foreign tax credits and foreign tax deductions. Unitholders that are Deferred Plans cannot utilize or claim a refund for foreign tax credits that are not claimed by the Sub-trust and allocated to such plan.

(t) The Trust's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other public health crises, such as COVID-19. The global reactions to such epidemics, pandemics or other public health crises can lead to, among other things, significant restrictions on travel, quarantines, temporary business closures and a general reduction in consumer activity. Such public health crises can result in disruptions and volatility in financial markets and global supply chains as well as declining trade and market sentiment and reduced mobility of people, all of which could impact Real Property prices, interest rates, credit ratings, credit risk and inflation. The risks to the Trust of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak.

(u) The Trust maintains information security measures and continuously monitors security threats to its information technology systems and implements measures to manage these threats. However, there can be no assurance that the Trust will be immune from cybersecurity risks and that risks can be fully mitigated due especially to the evolving nature of cybersecurity threats, the difficulty in anticipating such threats and the difficulty in immediately detecting all such threats and any breach of the Trust's information security may have a material adverse impact on its business, operations, financial condition and cash flows. In addition, cyber incidents may also remain undetected for an extended period, which could exacerbate the consequences aforementioned. Overall, security breaches could expose the Trust to a risk of loss or litigation and possible liability for damages. The Trust may be required to make significant expenditures to protect against security breaches or to alleviate problems caused by any breaches.

(v) The Manager intends to use maximum leverage to enhance the investment returns earned by the Trust. The Trust's use of leverage is anticipated to increase the returns on these investments when the asset is performing. However, leverage may also cause stress to the investments, typically when the returns from the asset are not sufficient to cover interest payments on the indebtedness. Additionally, the need to inject additional equity in the project could materially impact returns. Indebtedness used for investments will rank ahead of the Equity Investment made, either directly or indirectly, by the Trust. This means that at the time of disposition of a property, the proceeds will first be used to pay down the indebtedness. There can be no assurance that there will be sufficient proceeds from the sale to distribute any proceeds in excess of the amount repayable for the debt and there could be no remaining proceeds available to the Trust.

You should carefully consider whether your financial position and/or retirement savings objectives permit you to invest in the Trust. The Units involve a moderate degree of risk. An investment in Units of the Trust is appropriate only for investors who have the ability to absorb a loss of some or all of their investment. See "*Risk Factors*".

Certificates: Certificates for Units will not be issued to Unitholders.

GLOSSARY

As used in this Offering Memorandum, unless the context otherwise indicates or requires, the term "Trust" is referring to the Trust, as managed by the Manager and in the context of the Trust's operations, is referring to the Trust's operations, as carried out by the Manager on behalf of the Trust, including any operations the Trust carries out through the Sub-trust.

The following terms appear throughout this Offering Memorandum. Care should be taken to read each term in the context of the particular provision of this Offering Memorandum in which such term is used.

"**Acquisition Committee**" means the committee named as such and established pursuant to the Declaration of Trust;

"**Acquisition Fee**" means the fee payable to the Manager equal to: (i) in the case of stabilized Real Property acquired by the Trust or Sub-trust, 1.0% of the purchase price (including any closing costs and fees) of such property; (ii) in the case of either ground up construction or value add Real Property, 1.0% of the pro forma cost of such real estate project; or (iii) 1.0% of the capital committed to any other investment, such as Mezzanine Loans, Equity Investments, Real Estate Company Financings or Mortgage Investments made by the Trust or Sub-trust, in each case, multiplied by the percentage interest expected to be held by the Trust or Sub-trust in the investment as contemplated by the limited partnership agreement or other similar agreement or document entered into with the applicable investment entity at the time of acquisition or capital commitment. As an example, if the Trust acquired a 75% ownership interest in an investment entity that owns a piece of Real Property for a gross purchase price of $1,000,000, the Acquisition Fee would be equal to $7,500, or the product obtained by multiplying (i) 75% by (ii) 1.0% of the $1,000,000 gross purchase price;

"**Affiliate**" or "**Affiliates**" has the same meaning as in the *Securities Act* (British Columbia);

"**Audit Committee**" means the audit committee of the Board of Governors;

"**Audited Financial Statements**" means the audited annual financial statements of the Trust for the year ended December 31, 2023 attached to this Offering Memorandum;

"**Auditor(s)**" means the firm of Chartered Professional Accountants appointed as auditor(s) of the Trust from time to time by the Board of Governors;

"**Board of Governors**" means the board named as such and established pursuant to the Declaration of Trust;

"**Business Day**" means a day other than a Saturday, Sunday or any day on which the principal office of the Trust's bankers located in Vancouver, British Columbia, is not open for business during normal banking hours;

"**Calculation Date**" means the last day of each month in a calendar year;

"**Closing**" means a closing of the sale of Units as the Manager may determine from time to time;

"**CRA**" means the Canada Revenue Agency;

"**Declaration of Trust**" means the declaration of trust dated June 2, 2021, as amended and restated as of August 12, 2021, and further amended by the First Amendment to the Declaration of Trust as of April 29, 2022, and further amended and restated as of January 1, 2023 between the Trustee and the Manager, creating the Trust under the laws of the Province of British Columbia;

"**Deferred Plan**" means a "registered retirement savings plan", "registered retirement income fund", a "registered education savings plan", a "deferred profit sharing plan", a "registered disability savings plan" or a "tax-free savings account", as such terms are defined in the Tax Act;

"**Distributable Cash**" means, for, or in respect of, a Distribution Period, the sum of all cash amounts attributable to Units which are received by the Trust for the Distribution Period including but not limited to any cash received from the underlying investments, and all of such amounts received by the Trust in any prior Distribution Period to the extent those amounts were not previously distributed; less any amounts to be withheld as determined by the Manager in its sole discretion including but not limited to amounts for: (a) the payment of any current or anticipated costs or expenses, (b) the provision for any reserves or contingencies, (c) the funding of any pending or potential investments or construction costs or other costs associated with the investments; and (d) the payment of the Redemption or repurchase of Units of the Trust which have been paid or became payable in cash by the Trust in such Distribution Period;

"**Distribution Period**" means the period between two consecutive Calculation Dates commencing from and including the next day following the first Calculation Date to and including the second Calculation Date;

"**DRIP**" means a distribution reinvestment plan;

"**Early Investor Feature**" has the meaning ascribed to it in the section "*Securities Offered – Terms of Securities*";

"**Equity Investment(s)**" means an investment in Real Property, whether made directly and/or indirectly;

"**Exit Fee**" means the fee payable to the Manager equal to: (i) 0.5% of the gross sale price of any property (in the case of Real Property or Equity Investments) sold by the Trust or Sub-trust from its Investment Portfolio, multiplied by the percentage ownership interest held in the investment by the Trust or Sub-trust at the time of sale. As an example, if the Trust sold a 75% ownership interest in a piece of Real Property for a gross sale price of $1,000,000, the Exit Fee would be equal to the product obtained by multiplying (i) 75% by (ii) of 0.5% of the $1,000,000 gross sale price;

"Final Year End Distribution" has the meaning ascribed to it in the section "*Securities Offered – Terms of Securities*";

"**Fiscal Year**" means each such consecutive period of twelve months commencing on January 1 and ending on December 31, except that the first Fiscal Year of the Trust was the period commencing on June 2, 2021 and ending on December 31, 2021;

"**FundSERV**" means the facility maintained and operated by FundSERV Inc. for electronic communication with participating companies, including the receiving of orders, order matching, contracting, registrations, settlement of orders, transmission of confirmation of purchases and the redemption of investments or instruments;

"**IFRS**" means International Financial Reporting Standards;

"**Independent Appraiser**" has the meaning ascribed to it in the section "*The Trust's Business – Valuation Policy and Calculation of Net Asset Value*";

"**Independent Review Committee**" means the independent review committee of the Board of Governors;

"**Investment Committee**" means the investment committee of the Board of Governors;

"**Investment Objectives**" has the meaning ascribed to it in the section "*The Trust's Business – Investment Objectives*";

"**Investment Portfolio**" means, at any one time, the portfolio of investments held by the Trust at that time, including the Equity Investments, Mezzanine Loans, Real Estate Company Financings and Mortgage Investments;

"**Investment Restrictions**" has the meaning ascribed to it in the section "*The Trust's Business – Investment Restrictions*";

"**Limited Partnerships**" has the meaning ascribed to it in the section *"Certain Canadian Federal Income Tax Considerations – Taxation of the Sub-Trust"*;

"**Management Fee**" means, collectively, the Series A Management Fee, Series F Management Fee, the Series I Management Fee, and the management fee for any Series which may be created subsequently;

"**Manager**" means Trez Capital Fund Management Limited Partnership, a limited partnership validly existing under the laws of the Province of British Columbia, or such other entity appointed to serve as Manager hereunder from time to time;

"**Manager Investment Committee**" means the Manager's internal committee that reviews and approves investment transactions as described in the section "*Investment Process – Manager Investment Committee*";

"**Manager Participating Interest**" has the meaning ascribed to it in the section "*The Trust's Business - Material Agreements - Manager Participating Interest*";

"**Manager's Fees**" means, collectively, the Management Fee, the Acquisition Fee and the Exit Fee;

"**Mezzanine Loan(s)**" means loans collateralized by a pledge of 100% of the direct or indirect equity in the entity that owns the underlying property, which loans are typically subject and subordinate to the first lien mortgage financing on the underlying property;

"**Misrepresentation**" has the meaning ascribed to it in the section "*Purchasers' Contractual and Statutory Rights of Action*";

"**Mortgage Investment(s)**" means an investment in a mortgage, a mortgage of a mortgage or a mortgage of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), hypothecation, deed of trust, charge or other security interest of or in Real Property used to secure obligations to repay money by a charge upon the underlying Real Property;

"**Net Asset Value**" has the meaning ascribed to it in the section "*The Trust's Business – Valuation Policy*";

"**Non-Resident**" means (i) a person that is not a resident of Canada for the purposes of the Tax Act, or (ii) a partnership other than a "Canadian partnership" as defined in section 102 of the Tax Act;

"**Offering**" means the offering of Series A Units, Series F Units and Series I Units pursuant to this Offering Memorandum;

"**Ordinary Resolution**" means a resolution consented to, in writing, by holders of more than 50% of all outstanding Units of the Trust that carry the right to vote or where Series are differently affected by the resolution, then 50% of each Series, or approved by at least 50% of the votes cast by Unitholders (or Unitholders of that Series) present in person or by proxy at a meeting of Unitholders which has been duly called and at which a quorum is present, as provided herein and excluding the votes of Units owned by the Manager or any Affiliate thereof in respect of any matter in which they have a financial interest (other than as Unitholders);

"**Proportionate Share**" when used to describe a Unitholder's, or a Series', interest in any amount, means the portion of that amount obtained by multiplying that amount by a fraction, the numerator of which is the number of Units of the Trust registered in the name of that Unitholder, or that Series, as the case may be, and the denominator of which is the total number of Units of the Trust then outstanding (excluding the Series Manager Units);

"**Real Estate Company Financing**" means providing loan financing, including convertible debt and any equity received on conversion of such convertible debt, whether secured or unsecured, to private or public real estate companies, partnerships, trusts or other entities;

"**Real Property**" means land, lots, rights or interest in land or lots (including without limitation leaseholds, air rights and rights in condominiums, but excluding mortgages) and any buildings, structures, improvements and fixtures located or to be constructed thereon;

"**Redemption**" means a redemption of Units by the Trust or by a Unitholder on their written request and subject to the limitations described herein;

"**Redemption Notes**" means the unsecured subordinated promissory notes of the Trust that may be issued at the discretion of the Trust when the cash redemption limits are exceeded. See "*Securities Offered – Redemption Notes*";

"**Redemption Price**" means for a Unit, the Net Asset Value per Unit of the applicable Series of Unit in effect at the time of Redemption less any applicable fees;

"**Registrar and Transfer Agent**" means Trez Capital Limited Partnership;

"**Securities Authorities**" means, collectively, the British Columbia Securities Commission, the Alberta Securities Commission, the Saskatchewan Financial Services Commission, the Manitoba Securities Commission, the Ontario Securities Commission, the Autorité des marchés financiers, the Financial and Consumer Services Commission (New Brunswick), the Nova Scotia Securities Commission, Office of the Superintendent of Securities (Prince Edward Island) and the Office of the Superintendent of Securities Service Newfoundland and Labrador, and equivalent regulatory authorities in each Territory of Canada in which the Units are qualified for distribution;

"**Series**" means a series of Units of the same class created by the Manager pursuant to the Declaration of Trust;

"**Series A Management Fee**" means a fee to be paid to the Manager pursuant to the Declaration of Trust in respect of the Series A Units equal to 2.50% of the Net Asset Value of the Trust attributable to Series A Units, as calculated and payable on a monthly basis;

"**Series F Management Fee**" means a fee to be paid to the Manager pursuant to the Declaration of Trust in respect of the Series F Units equal to 1.50% of the Net Asset Value of the Trust attributable to Series F Units, as calculated and payable on a monthly basis, except that this fee shall not be applicable to Series F Units that qualify for the Early Investor Feature for a period of one year from September 1, 2021;

"**Series A Units**" means a Series, designated as Series A;

"**Series F Units**" means a Series, designated as Series F;

"**Series I Management Fee**" means a fee to be paid to the Manager pursuant to the Declaration of Trust in respect of the Series I Units equal to a percentage (to be determined by the Manager) of the Net Asset Value of the Trust attributable to Series I Units, as calculated and payable on a monthly basis, except that this fee shall not be applicable to Series I Units that qualify for the Early Investor Feature for a period of one year from September 1, 2021;

"**Series I Units**" means a Series, designated as Series I;

"**Series Manager Units**" means a Series, designated as Series Manager;

"**Short-Term Investments**" means short-term fixed income securities that mature in less than a year and other investments intended to be held for less than a year, including, without limitation, money market instruments, government treasury bills, commercial paper and bankers' acceptances;

"**Special Resolution**" means a resolution consented to, in writing, by holders of more than 66⅔% of all outstanding Units of the Trust that carry the right to vote or where Series are differently affected by the resolution, then 66⅔% of each Series, or approved by at least 66⅔% of the votes cast by Unitholders present in person or by proxy at a meeting of Unitholders (or Unitholders of that Series) which has been duly called for that purpose and at which a quorum is present, as provided herein and excluding the votes of Units owned by the Manager or any Affiliate thereof in respect of any matter in which they have a financial interest (other than as Unitholders);

"**Subscriber**" means a subscriber for Units;

"**Subscription Agreement**" means the subscription agreement for Units, the form of which can be found at www.trezcapital.com;

"**Subscription Price**" means the Net Asset Value per Unit of the applicable Series of Unit as determined by the Manager in effect at the time of subscription;

"**Subscription Proceeds**" means the gross proceeds to the Trust from the sale of the Units;

"**Sub-trust**" means Trez Capital Private Real Estate Fund Trust Sub-trust;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended, and the regulations thereunder;

"**Taxable Income**" or "**Taxable Loss**" of the Trust for a year means the net income and net realized taxable capital gains of the Trust (as those terms are defined in the Tax Act) determined without any gross-up in respect of taxable dividends from corporations resident in Canada;

"**Termination Date**" has the meaning ascribed to it in the section *"The Trust's Business - Material Agreements – Termination of the Trust"*;

"**Termination Event**" has the meaning ascribed to it in the section *"The Trust's Business - Material Agreements – Termination of the Trust"*;

"**TPREF CDN LP**" has the meaning ascribed to it in the section *"Certain Canadian Federal Income Tax Considerations – Taxation of the Sub-Trust"*;

"**TPREF US Master LP**" has the meaning ascribed to it in the section *"Certain Canadian Federal Income Tax Considerations – Taxation of the Sub-Trust"*;

"**Trailer Fee**" means a fee payable to registered dealers, in an amount equal to 1.0% per annum of the Net Asset Value of the Trust attributable to the Series A Units, payable in arrears;

"**Transaction Price**" means the Subscription Price or the Redemption Price;

"**Trust**" means Trez Capital Private Real Estate Fund Trust, a trust created pursuant to the Declaration of Trust;

"Trust Property" means:

(a) all moneys, securities, property, assets and investments paid or transferred to and accepted by or in any manner acquired by the Trustee and held by the Trustee on behalf of the Unitholders;

(b) all income which may hereafter be accumulated under the powers herein contained; and

(c) all moneys, securities, property, assets or investments substituted for or representing all or any part of the foregoing;

less any money, securities, property, assets or investments distributed, expended, sold, transferred or otherwise disposed of in accordance with the provisions of the Declaration of Trust;

"**Trustee**" means TPREF Holdings Limited created in connection with the Trust and validly existing under the laws of the Province of British Columbia, or such other entity appointed to serve as trustee of the Trust pursuant to the Declaration of Trust from time to time;

"**Unanimous Resolution**" means a resolution consented to, in writing, by all Unitholders that carry the right to vote, or approved by 100% of the votes cast by Unitholders present in person or by proxy at a meeting of Unitholders which has been duly called for that purpose and at which a quorum is present;

"**Unit**" means a unit of beneficial interest in the Trust;

"**Unitholders**" means those investors whose subscriptions to purchase Units offered by this Offering Memorandum are accepted by the Trust and thereafter at any particular time the persons entered in the register or registers of the Trust as holders of Units and the singular form means one such registered holder;

"**Valuation Date**" means the last day of each month in a calendar year and any other day on which the Trustee or the Manager elects, in its discretion, to determine the Net Asset Value per Unit, with such Net Asset Value per Unit to be reported and take effect the following month for the purposes of the Transaction Price; and

"**Valuation Policy**" means the Trust's valuation policy described in the section "*The Trust's Business – Valuation Policy*".

USE OF AVAILABLE FUNDS

Subscription Proceeds and Available Funds

		Assuming $10,000,000 Offering	Assuming $45,000,000 Offering
A.	Amount to be Raised by this Offering	$10,000,000(1)	$45,000,000(1)
B.	Selling Commissions and Fees	$125,000	$562,500
C.	Estimated Offering Costs	$200,000(2)	$900,000(2)
D.	**Net Proceeds (D = A – (B + C))**	**$9,675,000**	**$43,537,500**
E.	Additional Sources of Funding Required(3)	$0	$0
F.	Working Capital Deficiency	$0	$0
G.	**Available Funds (G = (D + E) – F)**	**$9,675,000**	**$43,537,500**

Notes:

(1) As there is no maximum or minimum offering, $10,000,000 and $45,000,000 have been used for illustrative purposes.

(2) The "Estimated Offering Costs" outlined above represent an amount equal to 2.0% of the gross Subscription Proceeds which will be paid by the Trust. The costs of the Offering will initially be borne by the Manager and billed to the Trust in equal installments over a five-year period that began six months after the Closing of the first Offering. The Manager will be responsible for and will pay any offering costs, excluding any selling commissions and fees, which exceed an amount equal to 2.0% of the actual Subscription Proceeds raised under the Offering.

(3) The Manager intends to make Equity Investments and Mortgage Investments, which may be through trusts, corporations or limited partnerships, and provide Mezzanine Loans and Real Estate Company Financings. As such Equity Investments, Mortgage Investments, Mezzanine Loans and Real Estate Company Financings have not yet been identified, the amount of additional funds, if any, that may be required to make any such investments cannot reasonably be determined at this time.

Use of Net Subscription Proceeds

The Trust will use the net proceeds from the Offering to make investments as set out in "*The Trust's Business - Investment Objectives*". The Trust expects to use the available funds as follows:

Description of intended use of available funds listed in order of priority	Assuming $10,000,000 Offering	Assuming $45,000,000 Offering
Making of Investments and Payment of Acquisition Fees and Management Fees	$9,400,000(1)	$42,300,000(1)
Closing Costs(2)	$50,000	$225,000
Working Capital Reserve(3)	$225,000	$1,012,500
Total:	**$9,675,000**	**$43,537,500**

Notes:

(1) As there is no maximum or minimum offering, $10,000,000 and $45,000,000 have been used for illustrative purposes.

(2) As the Equity Investments, Mortgage Investments, Mezzanine Loans and Real Estate Company Financings in which the Trust may invest have not yet been identified, the exact amount of the closing costs associated with making such investments is not known at this time. While the Trust believes that closing costs of $50,000 and $225,000, respectively, reflect a reasonable estimate based on a number of factors and assumptions, including that the Trust raises the Subscription Proceeds, the types of investments the Trust anticipates investing in and the costs of engaging service providers, there may be additional closing costs which arise which have not been anticipated or reflected in the table above. The Trust anticipates amounts will be paid to various third-party service providers including, but not limited to, lenders, legal and financial advisors, brokers, engineering firms and environmental firms for services provided in association with due diligence and eventual closing of the Trust's investments.

(3) The working capital reserve represents, in aggregate, an estimate of the amount that the Manager will set aside in the Trust for purposes including, but not limited to, ongoing administrative and operating costs and for any other purposes that the Manager reasonably considers necessary to assist in the attainment of the Investment Objectives.

Reallocation

The available funds are intended to be used for the purposes disclosed above. In the event that the Trust is required to redeem Units, a portion of the available funds may be used to satisfy any such Redemptions. The Manager will reallocate funds only for sound business reasons in accordance with the Investment Objectives and Investment Restrictions of the Trust. Reallocation of funds for any purpose not contemplated in this Offering Memorandum will require the prior unanimous approval of the Independent Review Committee and the Manager. Further, any proposed use of the funds raised by this Offering which could reasonably be considered to be materially different than the articulated use of proceeds set out herein or which is for a purpose not contemplated in this Offering Memorandum shall be disclosed to the Independent Review Committee for consideration and require its prior unanimous approval. If any matter is not unanimously approved by the Independent Review Committee, the matter shall not proceed unless authorized by the Unitholders at a duly constituted meeting in relation thereto.

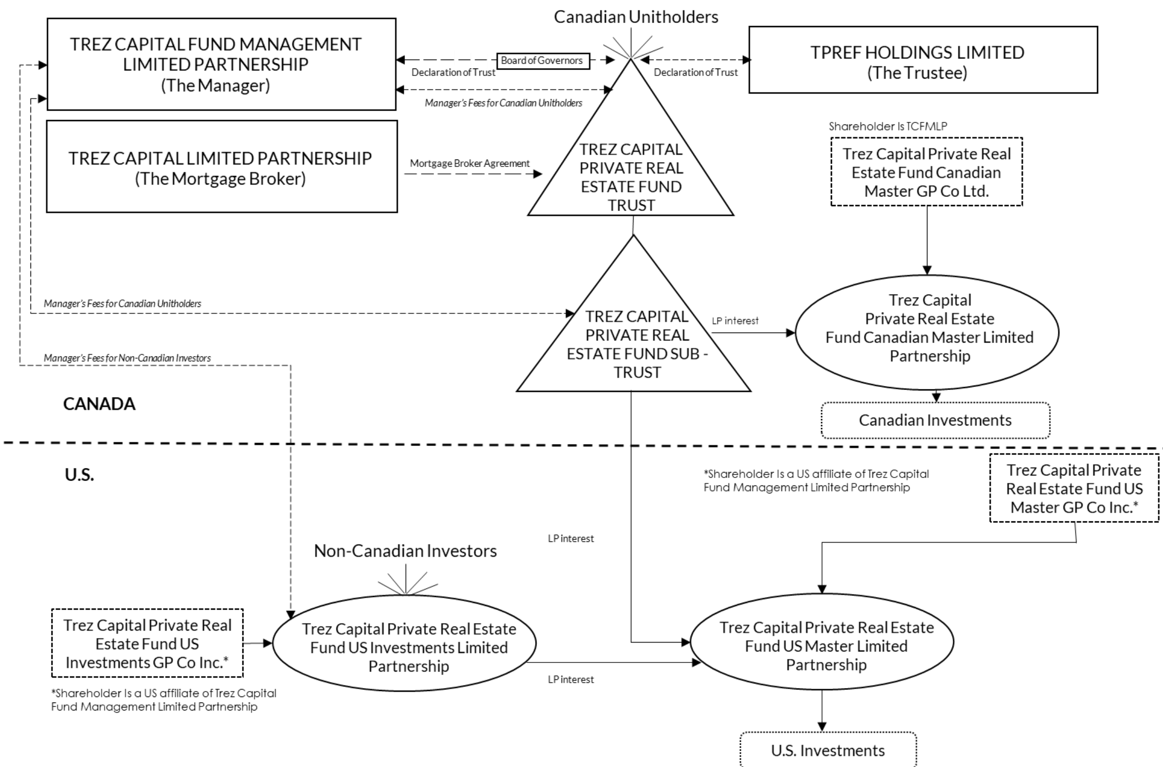
TRUST STRUCTURE

The Trust is an open-ended investment trust created under the laws of the Province of British Columbia, on June 2, 2021, pursuant to the Declaration of Trust as amended and restated as of August 12, 2021 and further amended by the First Amendment to the Declaration of Trust as of April 29, 2022 and further amended and restated as of January 1, 2023. The principal place of business of the Trust is located at 1700-745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. TPREF Holdings Limited is the Trustee of the Trust under the Declaration of Trust.

The Trust is not a "mutual fund" or "investment fund" under applicable securities laws. However, the Trust has retained the Manager to, among other things, provide general administrative and support services, portfolio management, investment advisory and investment management services, administrative and other services to the Trust and will also provide the Trust with office facilities, equipment and staff as required.

Organizational Relationships

The investment structure of the Trust and the Investment Portfolio are illustrated below. This diagram is provided for illustration purposes only and is qualified by the information set forth elsewhere in this Offering Memorandum.



The Manager, on behalf of the Trust, may make indirect investments through other subsidiaries or may lend to or invest directly in the operating limited partnerships or such other entities that acquire and hold the Real Property based on the most suitable investment structure as determined by the Manager. The Trust may hold all or a partial indirect or direct interest in the Real Property or loan investments, either through co-ownership of a Real Property or co-investments in loans, with other parties. These other parties may include third parties and Affiliates of the Manager, which may include non-residents of Canada.

The Sub-trust, an entity wholly owned by the Trust, made an election to be treated as a corporation for U.S. federal income tax purposes.

Investment Portfolio of the Trust as at September 30, 2024

The Offering is a "blind pool" offering. Other than the investments that have already been made by the Trust as part of the existing Investment Portfolio, the specific investments in which the Trust will invest going forward have not been identified as of the date of this Offering Memorandum. See "*Risk Factors*". For information concerning the investment strategy of the Trust, see "*The Trust's Business*". For a description of the anticipated use of the Offering proceeds, see "*Use of Available Funds*".

The following are details of the Investment Portfolio of the Trust as at September 30, 2024, by type of investment.

Type of Investment	Number of Investments	Approximate Percentage of Total Investment Portfolio[(1)]
Equity Investments		
Ground-Up Development Investments	15	76.4%
Value-Add/Lease-Up Investments	17	23.6
Total	**32**	**100.0%**

Notes:

(1) Certain Equity Investments within the Investment Portfolio are held by the Trust indirectly through various subsidiary entities. The percentage figures in the table above have been calculated by the Manager and represent an approximation of the percentage weight of each Equity Investment in the Investment Portfolio, as opposed to the percentage weight of any specific subsidiary entity.

The following are details of the Investment Portfolio of the Trust as at September 30, 2024, by nature of underlying property.

Nature of Underlying Property	Number of Investments	Approximate Percentage of Total Investment Portfolio[(1)]
Multi-Family Residential for Rent	5	36.5%
Single-Family Housing for Rent	5	20.5%
Land Development	6	25.9%
Self-Storage	16	17.1%
Total	**32**	**100.0%**

Notes:

(1) Certain Equity Investments within the Investment Portfolio are held by the Trust indirectly through various subsidiary entities. The percentage figures in the table above have been calculated by the Manager and represent an approximation of the percentage weight of each Equity Investment in the Investment Portfolio, as opposed to the percentage weight of any specific subsidiary entity.

The following are details of the Investment Portfolio of the Trust as at September 30, 2024, by location of underlying property.

Location of Underlying Property	Number of Investments	Approximate Percentage of Total Investment Portfolio[(1)]
United States		
Texas	28	78.0%
Arizona	1	5.8%
Georgia	3	16.2%
Total	**32**	**100.0%**

Notes:

(1) Certain Equity Investments within the Investment Portfolio are held by the Trust indirectly through various subsidiary entities. The percentage figures in the table above have been calculated by the Manager and represent an approximation of the percentage weight of each Equity Investment in the Investment Portfolio, as opposed to the percentage weight of any specific subsidiary entity.

Portfolio Performance

The following table details the performance data of the Trust for the two most recently completed financial years, as well as the first three quarters of 2024.

Item	September 30, 2024[1]	December 31, 2023[1]	December 31, 2022[1]
Transaction Price per Unit[2]	$116.44	$117.36	$120.89
Change in Canadian Dollars	*$(0.92)*	*$(3.53)*	*$17.85*
Percentage Change	*(0.8)%*	*(2.9)%*	*17.3%*
IFRS NAV per Unit	$108.77	$110.27	$108.08
Change in Canadian Dollars	*$(1.50)*	*$(2.19)*	*$12.14*
Percentage Change	*(1.4)%*	*(2.0)%*	*12.7%*

Notes:

(1) Transaction Price per Unit includes all Series (Series A, Series F, and Series I). The Trust calculates a separate Transaction Price per Unit for Series A (introduced in April 2022). For simplicity the figures above show total Transaction Price per Unit (inclusive of all Series).

(2) The Manager measures the performance of the Trust using Transaction Price, which is the price at which investors may purchase or sell Units. For a reconciliation of Transaction Price to IFRS Net Asset Value per Unit, please refer to "*The Trust's Business - Reconciliation of IFRS and Transaction Net Asset Value.*" For an explanation of the factors that lead to these differences, please refer to "*The Trust's Business - Differences between IFRS and Transaction Price*."

Ongoing Disclosure

On or before March 31 in each calendar year, the Trust will provide to each Unitholder all information required to file Canadian income tax returns and will provide to each Unitholder annual audited financial statements, together with notice as to how the proceeds raised pursuant to this Offering Memorandum have been used, in accordance with Form 45-106F16.

U.S. Investments

The Trust indirectly holds its interest in the operating limited partnerships or such other operating entities (which hold the Real Property) through its interests in underlying subsidiaries. The Trust invests in the operating limited partnerships through a limited partnership formed under the laws of Delaware.

The Trust may invest in loans directly or through subsidiaries (such as a limited partnership formed under the laws of Delaware) based on the optimal investment structure determined by the Manager. It is anticipated that U.S. investments will continue to generally be made indirectly through subsidiaries.

Canadian Investments

The Trust may hold its interests in the operating limited partnerships or such other operating entities (which hold the Real Property) and invest directly or through subsidiaries that may be created from time to time as determined by the Manager.

Non-Canadian Investors

The Manager organized a similar fund structure in the U.S., which invests, directly and/or indirectly, in U.S. investments in which the Trust also holds an interest. While the U.S. structure and the Trust may invest, in certain instances, in the same U.S. investments, and the two funds may be considered related parties, the Manager expects that they will not otherwise have obligations to each other than pursuant to any obligations specific to the particular U.S. investments in which they may invest. Non-residents of Canada may invest in the U.S. structure through Trez Capital Private Real Estate Fund US Investments Limited Partnership, a U.S. Affiliate of the Manager. The Manager may act as the manager in respect of certain entities in the U.S. structure and may receive similar management fees in such capacity. See "*Interests of Directors, Management, Promoters and Principal Holders – Conflicts of Interest and Interest of Management and Others In Material Transactions*" and "*Risk Factors – Potential Conflicts of Interest*".

Trez Capital Fund Management Limited Partnership (the Manager)

Pursuant to the terms and conditions of the Declaration of Trust, the Manager is the manager and portfolio advisor of the Trust. In performing its services, the Manager will, at all times, on the terms and conditions of the Declaration of Trust, be subject to the continuing and ultimate authority of the Unitholders. The head office of the Manager is located at 1700-745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Trez Capital Fund Management Limited Partnership is a limited partnership formed under the laws of British Columbia on August 11, 2011. The Manager will be entitled to certain fees for its services. See "*The Trust's Business - Material Agreements – Declaration of Trust*".

Duties and Services to be Provided by the Manager

Subject to the terms of the Declaration of Trust, the Manager will be responsible for managing the business and administration of the Trust. The Manager has coordinated the organization of the Trust and will manage the ongoing business and administration of the Trust, including the monitoring of the Investment Portfolio of the Trust. The Manager will be responsible for ensuring that the net proceeds of this Offering are invested as described under "*Use of Available Funds*" and in accordance with the Investment Objectives of the Trust. Funds of the Trust will not be commingled with the Manager's funds, or with any other funds.

The Manager has exclusive authority to manage the operations and affairs of the Trust and to make all decisions regarding the business of the Trust, and has authority to bind the Trust. The Manager may, pursuant to the terms of the Declaration of Trust, delegate its powers to third parties where it deems it advisable. The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Trust and to exercise the degree of care, diligence and skill that a reasonably prudent professional manager would exercise in comparable circumstances.

The Manager's duties include, without limitation, appointing the registrar and transfer agent for the Trust, appointing the bankers of the Trust, appointing the valuators of the assets of the Trust, calculating the income and capital gains of the Trust, authorizing all contractual arrangements relating to the Trust, providing or causing to be provided services in respect of the Trust's daily operations, distributing or causing to be distributed Units, ensuring compliance with applicable securities legislation, preparing and filing or causing to be prepared and filed all requisite returns, reports and filings, providing all requisite office accommodation and associated facilities and services, providing or causing to be provided to the Trust all other administrative and other services and facilities required by the Trust and maintaining or causing to be maintained complete records of all transactions in respect of the Investment Portfolio of the Trust.

The Manager has identified regions, asset classes, and asset types in the real estate market that the Manager will pursue. The Manager's risk and return expectations vary for the different types of real estate. The Manager will evaluate the mix of investments of the Trust on a regular basis. While the strategic mix of assets will vary depending on market circumstances, the Manager will invest the funds of the Trust in order to meet the Trust's Investment Objectives.

Policies and Procedures of the Manager

Pursuant to its internal policies and procedures, the Manager and its directors, officers and employees are required to devote as much of their time and attention to the business and affairs of the Trust as they consider necessary and appropriate under the then prevailing circumstances.

The Manager is also required to ensure fairness in the allocation of investment opportunities among its investment entities. For such purpose, all investment entities that have Investment Objectives that are compatible with a particular investment opportunity are required, when practicable, to participate pro rata in that opportunity based upon, among other things, the relative importance of the investment opportunity to the fulfillment of each investment entity's objectives and the relative amount of assets under management in each investment entity. An assessment of the relative importance of an investment opportunity to the fulfillment of an investment entity's objectives is dependent upon a number of factors including, but not limited to alternative investment opportunities, present holdings of the same, or similar, investments, geographic and industry sector considerations and the liquidity of the investment entity.

Trez Capital Group

Trez Capital Group Limited Partnership operates principally through four wholly owned limited partnerships. Trez Capital Fund Management Limited Partnership is registered as an exempt market dealer, investment fund manager and portfolio manager (restricted to buying and selling Mortgages and interests in Mortgages) under applicable securities legislation. Trez Capital Limited Partnership is registered as a mortgage broker in British Columbia, Alberta and Ontario. Trez Capital Asset Management Limited Partnership is registered as a mortgage administrator in Ontario and a mortgage broker in British Columbia. Trez Capital US Limited Partnership was formed to hold certain investments in the United States.

The Trustee

TPREF Holdings Limited is the trustee of the Trust pursuant to the terms and conditions set out in the Declaration of Trust. The Trustee was created in connection with the establishment of the Trust.

The powers, authorities and responsibilities of the Trustee are limited to those expressly set forth in the Declaration of Trust. The Trustee is responsible for holding Trust Property in safekeeping and investing moneys from time to time forming part of Trust Property as directed by the Manager. The Trustee may also sell, encumber or otherwise dispose of Trust Property as directed by the Manager and may borrow money as directed by the Manager.

The Trustee or any successor trustee may resign upon 60 days' notice (or such shorter time as may be agreed to by the Trustee and the Manager) to Unitholders and to the Manager, or may be removed by the Manager on 60 days' notice if approved by Special Resolution. If the Trustee resigns or is removed or becomes incapable of acting or if, for any cause, a vacancy occurs in the office of the Trustee, a successor trustee will forthwith be appointed by the Manager to fill such vacancy. Forthwith following such appointment of a successor trustee, the Trustee will execute and deliver such documents as the Manager may require for the conveyance of any property of the Trust held in the Trustee's name, will account to the Manager for all property of the Trust which the Trustee holds as trustee and shall thereupon be discharged as trustee.

The Declaration of Trust provides that the Trustee will be liable in carrying out its duties under the Declaration of Trust as a result of its willful misconduct, bad faith, negligence or disregard of its obligation to act honestly, in good faith and in the best interests of the Trust and Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee.

The Trustee will be reimbursed by the Manager for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Trust.

Promoters

Trez Capital Fund Management Limited Partnership, the Manager, TPREF Holdings Limited, the Trustee, and Trez Capital Limited Partnership are the promoters of the Trust by reason of their initiative in forming the Trust and taking steps necessary for the public distribution of the Units. Neither the Manager nor the Trustee will receive any benefits, directly or indirectly from the issuance of the Units other than as described in this Offering Memorandum.

PRINCIPAL HOLDERS OF THE TRUST

Forsyth Private Real Estate Portfolios, an open-ended investment trust created under the laws of the Province of British Columbia, became an insider of the Trust on September 2, 2021, and as at January 1, 2025 held approximately 17.68% of the issued and outstanding Units.

THE TRUST'S BUSINESS

The Trust has been established for the principal purpose of investing in Real Property through Equity Investments, Mezzanine Loans, Real Estate Company Financings and Mortgage Investments. The business objective of the Trust is to preserve capital while maximizing the long-term value of the Units, and over the long-term, to generate a stream of income distributions and capital appreciation on a tax efficient basis. The Trust plans to achieve its business objectives primarily by using the platform and expertise of the Manager to source strategic Real Property investment and lending opportunities with a bias towards Equity Investments in ground up construction projects through joint ventures with real estate developers. After Real Property has been either developed or improved to maximize its cash flow and value, the Trust will often maintain these assets as long-term hold investments – a "Built-to-Hold" strategy to maximize the long-term value of the Units.

The Manager sees an opportunity to invest in either undeveloped land or underperforming existing Real Property where the all-in cost to acquire and either build or improve such Real Property is notably less than the market acquisition price of comparable stabilized assets. The execution of this strategy will allow Unitholders to participate in a share of the capital appreciation that occurs during the development or value-add phase of projects, and earn enhanced income returns due to the lower cost basis of the Trust's cash flowing assets. At the discretion of the Manager, the Trust may, to a lesser extent, also invest in high yielding Mezzanine Loans, acquire stabilized Real Property on an opportunistic basis, provide Real Estate Company Financings or make Mortgage Investments. These investments will provide a source of cash flow to the Trust.

The Manager has been delegated the full authority and responsibility to manage the business and affairs of the Trust to achieve its objectives.

Equity Investments

Development Property Investments

The Trust will acquire Real Property that has value add or ground up development potential in order to improve or develop such Real Property and share in the developer's profit generated by doing so. Such development property investments will typically be in the form of limited partnerships whereby the Trust may own the entire or a partial limited partnership interest and a developer acts as the general partner. The Manager will negotiate the profit sharing arrangement between the Trust and the developer. Once improved or developed, the Trust then intends to hold such Real Property for the long-term as an investment property to generate both income and capital appreciation.

Investment Property Investments

The Trust will generally hold investment property once the development properties have been completed and stabilized. These investments will be income producing assets that generate both income and capital appreciation and are intended to be held long-term, subject to strategic and opportunistic dispositions, based on certain periods within the life cycles of the assets and portfolio rebalancing requirements. The Trust may also opportunistically acquire stabilized Real Property.

Mezzanine Loans

The Trust may make loans that are secured by the developer's interest in the entity that is developing the real estate. Mezzanine Loan financing can take several forms, but most commonly it involves extending credit to the partners or other equity holders of the borrower and taking a pledge of such parties' equity interests (including the right to distributions of income). The Trust will earn a higher rate of return than that of a first mortgage on the Real Property, which is commensurate with the greater risk of an equity loan.

Real Estate Company Financings

The Trust may make secured or unsecured loans to finance the operations of public or private real estate companies. The Trust expects to earn a higher rate of return on such loans than by directly lending on specific Real Property held by the real estate company.

Mortgage Investments

The Trust may make Mortgage Investments secured by Real Property. These mortgages may be either first position or subsequent ranking Mortgage Investments. The Mortgage Investments to be invested in by the Trust are a common form of financing within the real estate industry. The Trust may from time to time invest in mortgages secured by more than one property, which are owned by the same mortgagor, or by different mortgagors.

Investment Restrictions

Pursuant to the Declaration of Trust, the following investment restrictions ("**Investment Restrictions**") will apply in selecting investments for the Trust:

1. The Trust will not invest in loans or in Real Property of the directors or officers of the Manager;

2. The Trust will not invest in any Equity Investment whereby the Manager holds a mortgage security interest in the Real Property comprising such Equity Investment;

3. The Trust will limit its undertakings such that it qualifies at all times as a "mutual fund trust" under the Tax Act; and

4. The Trust will not invest in any asset, or conduct its affairs in a way, that would disqualify the Units as a "qualified investment" for a trust governed by a Deferred Plan.

Investment Objectives

The Trust's investment objectives ("**Investment Objectives**") are to invest in assets that will allow it to:

1. Protect, grow, and diversify Unitholder capital;

2. Capture medium to long-term appreciation in Net Asset Value by strategically selecting, improving, monitoring and rebalancing the portfolio of Real Property; and

3. Provide attractive current income in the form of regular, steady cash distributions upon stabilization of the Investment Portfolio.

Insufficient Funds

Funds available as a result of the Offering either may not be sufficient to accomplish all of the Trust's proposed objectives and there is no assurance that alternative financing will be available.

Investment Strategies

The Trust's investment strategy is primarily to make strategic Real Property investments through joint ventures with real estate developers. The Manager expects to invest in either undeveloped land or underperforming existing Real Property where the all-in cost to acquire and either build or improve such Real Property is notably less than the market acquisition price of comparable stabilized asset. The Trust may also invest in high yielding Mezzanine Loans, Equity Investments, Mortgage Investments, and joint venture land developments, acquire stabilized Real Property on an opportunistic basis, and provide Real Estate Company Financings.

The Manager focuses on real estate in Canada and the United States in a range of asset classes which will include multi-family apartments, single-family for rent housing, townhomes for rent, industrial and self-storage.

The Manager will be responsible for identifying the appropriate regions, asset types and asset classes in the real estate market based on the achievement of the Investment Objectives and in accordance with the Investment Restrictions of the Trust. The strategic mix of assets will vary depending on market conditions and real estate fundamentals, and the strategic focus of the Trust may shift, but will remain within the Investment Restrictions of the Trust. **The Manager will not be restricted from any asset class or geography and will not have any set target allocations for any asset class or region, but rather will invest where it views the best opportunities exist.**

Regions

The Manager believes that the real estate market in Canada and the United States will offer attractive opportunities for the Trust. The Manager will perform a macro-level analysis to identify robust markets marked by population growth, job growth and gross domestic product growth, with strong real estate fundamentals and favourable supply-demand dynamics to determine where to primarily focus its investment.

Some of the areas the Manager is currently evaluating for opportunities include Texas, Florida, Georgia, the Carolinas, Arizona, Las Vegas, Washington, Oregon, Idaho, Colorado, and Utah in the United States. The Manager may explore other areas as it sees fit and will focus on regions that the Manager believes offer the best opportunities to achieve the objectives of the Trust.

Although the Investment Portfolio is anticipated to be limited to investments in Canada and the United States, the Manager may also invest globally in opportunities that align with the Trust's Investment Objectives and Investment Restrictions. Such investments are anticipated to be made in partnership with long-standing investment partners of the Manager that have extensive expertise in international real estate investment.

U.S. Economy and Real Estate

The U.S. economy maintained steady growth throughout 2024, supported by easing monetary conditions. The Atlanta GDP Now estimate as of January 3, 2025 for GDP growth reveals an annualized growth of 2.4% in Q4 2024, lower than the 2.8% growth in Q3 2024, and 3.0% growth in Q2 2024. Growth was driven by consumer spending, government spending, exports and nonresidential fixed investments. Retail sales increased by 2.1% year-over-year ("**YoY**") in Q3 2024, propelled by a robust 3.7% rise in consumer spending, the largest since early 2023, bolstered by rising incomes.

Since January 2024, inflation continued to steadily decline until the end of Q3 2024, mainly due to decreases in prices impacting food and energy. Energy commodities, in particular, drove down inflation due to its heavy reliance on crude oil prices and geopolitical factors. This was, however, offset by increases in all other items. This resulted in the CPI increasing to 2.7% in November 2024.

While inflation continued to decline in 2024, unemployment rose to 4.3% in July 2024 before easing as labor markets strengthened. Employment expanded throughout 2024, albeit at a slower pace compared to the rapid post COVID-19 pandemic recovery. On average, nonfarm employment increased by 254,000 jobs per month, significantly outpacing the 151,000 average monthly gains recorded in July 2024 and August 2024 and exceeding the pre COVID-19 pandemic pace observed in 2018 and 2019 by 77,000. By November 2024, the U.S. economy had added 2.28 million jobs, bringing total nonfarm payroll employment to 156.5 million, while the unemployment rate stood at 4.2%.

Real wages began to rise in 2024 as inflation continued to fall from its peak in 2022 and workers received significant nominal wage increases. Real wages increased in October 2024 by 1.4% YoY for all workers and 1.6% YoY for production and nonsupervisory employees.

Throughout 2024, the U.S. banking sector regained stability following solvency issues faced by two banking institutions in March 2023. In response, the U.S. Federal Reserve (the "**Fed**") acted swiftly to provide liquidity to banks, while the Federal Deposit Insurance Corporation guaranteed deposits at the troubled institutions. Despite this recovery, banks continue to face challenges, including potential declines in deposits, rising funding costs, unrealized losses, exposure to commercial office portfolios and increased regulatory pressures that constrain participation in real estate lending. Combined with broader economic uncertainty, these factors have contributed to ongoing liquidity constraints within the sector.

Given the cautious outlook and cooling inflation, the Fed joined other major central banks and proceeded to loosen monetary policy by decreasing the short term lending rate by 50 basis points to 4.75% - 5.0% in September 2024, followed by another 25 basis points to 4.5% - 4.75% in November 2024, and a final 25 basis points cut in December 2024, leaving the target range of 4.25%-4.5% for the end of 2024.

By the end of 2024, the Fed continued to navigate mixed economic signals, balancing efforts to reduce inflation with signs of sustained economic growth. While inflation moderated, the economy's strong performance, marked by robust consumer spending and labor market resilience, slowed progress toward the Fed's 2% inflation target. The Fed emphasized that the effects of monetary policy changes take considerable time to fully materialize, maintaining a cautious and data-driven approach. In its December 18, 2024 announcement, the Fed noted that labor markets had eased, with the unemployment rate rising slightly but remaining low, while inflation made progress toward the 2% target. The Fed projected only two 25-basis-point rate cuts in 2025. Markets reacted to this cautious stance with a rise in yields, with the 10-year U.S. Treasury yield sitting at 4.2% in early December 2024, down 2.0% from the 6.2% yield in December 2023.

With lower housing affordability for buyers and increasing reluctance among potential sellers to list properties and forego favorable financing, home sales declined. In September 2024, home sales declined by 1.0% month-over-month ("**MoM**") and 3.5% YoY, indicating that residential sales markets have yet to receive a boost from lower mortgage rates. In addition, home prices eased 2.3% MoM but were 3.0% higher YoY in September 2024.

Commercial real estate fundamentals showed signs of stabilization. The office vacancies and retail availability rates were unchanged in Q3 2024, at 19.0% and 6.5%, respectively. Despite elevated levels of completion over the past year, the industrial and apartment sectors showed promising signs. In Q3 2024, the industrial availability rate increase slowed with a rate increase of 10 basis points quarter-over-quarter ("**QoQ**") to 8.3%. The vacancy rate for professionally managed apartments fell 20 basis points QoQ to 5.3% in Q3 2024. MSCI/Real Capital Analytics indicates that the commercial investment market has reached its bottom, but continues to struggle to regain its footing. However, investment volume for Q3 2024 reached $97.3 billion, reflecting no significant YoY change, but still a long way from earlier peaks in the market.

Sources: Atlanta Fed, BEA, U.S. Census, U.S. Department of Commerce, BLS, Federal Reserve Bank of Dallas, U.S. Federal Reserve, U.S. Department of Treasury, S&P Global, Trez Capital.

Texas Economy and Real Estate

The population of Texas has experienced significant growth, adding nearly half a million new residents between July 1, 2023 and July 1, 2024 and marking a growth rate of 2.6%. Texas' growth rate represented the second highest growth rate in the U.S. during that period. Texas now has the U.S.'s second-largest civilian workforce, with nearly 15.5 million civilian workers.

Texas remains in the top 20% of all U.S. states for economic growth, with a 4.2% QoQ increase in Q3 2024 —1.4% higher than Q2 2024 and 1.1% above the national average. This growth is supported by positive manufacturing performance, steady expansion in the service sector, strong employment gains and rising business investment.

In October 2024, Texas added 47,300 jobs, with employment growth reaching 2.1%, outpacing the national average of 1.3% as of November 2024. Job growth in Texas was concentrated in key sectors such as oil and gas, mining supplies, information and financial activities. In contrast, U.S. job growth was primarily driven by increases in education and health services, as well as government employment.

In the housing market, total home sales increased by 8.8% in October 2024, reaching 28,859 transactions and continuing the upward trend from September 2024. In October 2024, statewide active listings nearly reached 130,000 homes, an increase of nearly 29,000 homes from October 2023. The months of inventory in November 2024 stands at 4.63, meaning homes are expected to remain on the market for an average of 4.63 months before selling. This represents a 0.14-month decrease from September 2024 and a 1.24-month increase from 3.39 in January 2024. The market still favors sellers, as demand continues to outpace supply.

Median home prices in Texas stood at $335,000, reflecting a 1.5% decrease from 2023. In Q3 2024, the state issued approximately 30,545 new residential construction permits, a 19% increase from Q3 2023, indicating robust demand for housing driven by population growth and economic expansion. However, in October 2024, permits slowed to approximately 6,200, marking a 20% month-over-month decrease and suggesting a temporary dip in construction activity. These trends imply that while the pace of new housing has momentarily slowed, the overall market remains well-positioned to meet future demand.

Overall, Texas continues to experience strong population growth, economic expansion and job creation, while the housing market remains competitive with rising inventory and steady demand, despite a recent slowdown in new construction permits.

Sources: Census, BLS, BEA, Federal Reserve Bank of Dallas, Texas Workforce Commission, Texas Real Estate Research Center, Texas Realtors, Home Builders.

Southeastern U.S. Economy and Real Estate

Southeastern states, particularly Florida, experienced the highest population growth in the U.S. YoY as of July 1, 2024, with Florida ranking first in the U.S. and South Carolina and North Carolina ranking seventh and eighth, respectively. Florida's population expanded by 3.37% YoY, well above the 1.25% national average, adding an estimated 761,489 residents. Florida's population growth during that period represented the second-largest increase in the U.S. after Texas. South Carolina and North Carolina also saw notable population growth of 2.0% and 1.9%, respectively, with North Carolina nearing a population milestone of 11 million in 2024.

As of July 1, 2024, the south, including Texas, accounted for 49% of the U.S.'s YoY population growth. Texas, Florida, and North Carolina, the three largest southern states, collectively contributed 34% of the national increase, which totaled 5.17 million people YoY. While domestic migration to Florida showed signs of slowing, the state attracted the highest number of international migrants in the country, partially offsetting this decline.

In 2024, the southeast continued its robust economic growth from the previous year. Florida, in particular, thrived with an annual growth rate of 3.3% as of Q3 2024, outperforming the national average of 3.1%. South Carolina also performed well, with a 3.0% QoQ GDP growth in Q3 2024, exceeding the national average by 150 basis points. All the southern states where Trez Capital operates outpaced the national economic growth rate.

Despite Florida's ongoing population growth, the state had an unemployment rate of 3.3% as of October 2024, which is 0.8% lower than the national average of 4.1%. Additionally, ten out of the twelve southeastern states had unemployment rates below 4.1% or less, indicating a sustained trend of business and employment relocation in the region. As of July 2024, Florida had 4.9 job openings as a percentage of employment, surpassing the national figure of 4.6.

Between 2022 and 2023, Florida experienced an 86% increase in the number of corporations relocating their headquarters to the state, compared to those moving their head offices out of Florida. Companies such as Lockheed Martin relocated its space division headquarters to Titusville, Florida while Blackstone and Goldman Sachs have respectively expanded their offices into Miami, Florida and West Palm Beach, Florida. The trend of large corporations relocating their headquarters to Florida continued in 2024, highlighted by Citadel's plans for a new 1.7 million square-foot mixed-use headquarters in Miami, Florida. Spirit Airlines completed its relocation to Dania Beach, Florida in April 2024, unveiling an expansive 11-acre campus with four state-of-the-art buildings. Meanwhile, companies like Foot Locker are also making the move, with their transition to St. Petersburg, Florida expected to be finalized by late 2025.

As the population in the southeast, particularly Florida, continues to grow at rates surpassing the national average, housing demand is expected to rise. In Q3 2024, the single-family housing market saw an increase in home builds, with 4.6 months of inventory available, an increase of 1.4 months from Q3 2023. The number of closed sales year-to-date has moderated, stabilizing at approximately 196,000, a 2.8% decrease from 2023, signaling a more balanced market. The median time to sale increased to 42 days in Q3 2024, a 15-day rise from Q3 2023. Despite these trends, average home prices remained unchanged YoY in Q3 2024, as mortgage rate adjustments countered price growth. In Florida, apartment supply surged, with over 77,600 units completed by the end of Q3 2024, exceeding the state's five-year annual average of 48,700 units.

Sources: Census Bureau, BEA, Federal Reserve Bank of Dallas, BLS, Florida Realtors.

Western U.S. Economy and Real Estate

As of July 1, 2024, the western states in the U.S. accounted for 21.6% of the country's population growth YoY, adding 1.1 million new residents. With a national population increase of 5.2 million YoY, California contributed 9.0% of the growth, registering 466,000 new residents. Arizona followed with the second-highest growth rate at 2.9%, adding 151,000 residents, while Washington saw a 2.8% increase, gaining 151,000 new residents. Utah experienced 1.7% growth, adding 86,000 new residents.

In terms of economic growth, states that previously led the nation as a result of the shifts caused by the COVID-19 pandemic generally continued to meet and exceed the national average during Q3 2024. Utah posted a strong annualized real GDP growth of 4.5% in Q3 2024, ranking second regionally and fourth nationally. Arizona followed with 3.1% growth, matching the national growth rate for Q3 2024. Idaho was fourth in the nation with the highest growth rate at 4.8% in real terms. Washington experienced a moderate increase with a 3.0% growth rate as of Q3 2024. Meanwhile, Oregon lagged behind the national average, with an annualized real GDP growth rate of 2.6%.

The unemployment picture in the western U.S. is mixed. As of October 2024, Utah's unemployment rate stood at 3.5%, lower than the national average of 4.1%, while Nevada had the highest unemployment rate among all states at 5.7%. Despite a slight uptick in unemployment in some regions, many western states continue to attract talent. Utah, for instance, was named the top job market in the U.S. for 2024, with the nation's leading labor force participation rate, according to U.S. News & World Report's analysis of over 70,000 surveys. These rankings were based on three key factors: unemployment, job growth and labor force participation. Utah's population reached 3,462,003 in 2024, reflecting a 1.6% annualized growth rate over the past five years, making it the second fastest-growing state in the U.S. In terms of personal income growth, Utah ranked second nationally in the U.S., with a 6.7% increase in Q2 2024, surpassing the national average of 5.3%. Meanwhile, Washington grew by 5.1%, and Arizona by 5.2%, both slightly below the national average.

Businesses continue to relocate to regions with favorable laws and tax incentives, and Salt Lake City, Utah has emerged as a key hub for business development across various industries. In December 2023, Subzero Engineering, a maker of data-center equipment, announced the construction of a 155,000 square-foot manufacturing facility, while food company Mars Inc. unveiled plans in January 2024 for a new 399,000 square-foot baking facility to produce its Nature's Bakery snacks. In 2024, Utah ranked fifth in the U.S. for business creation, fueled by its favorable economic climate, low taxes and strong infrastructure for entrepreneurs. Arizona, ranking eleventh, benefits from its business-friendly policies, competitive tax structure and a growing manufacturing sector focused on technology and transportation. Notably, the Taiwanese Semiconductor Manufacturing Company is building a major computer chip facility in Arizona, with operations scheduled to begin in 2025.

In late 2024, home prices in Utah, Arizona, and Nevada saw increases, alongside rising home supply and moderate growth in home sales. In Salt Lake City, Utah, existing home sales grew by 5.2% YoY as of September 2024, while the median sales price for all home types rose by 9.9%, reaching $563,000. In Phoenix, Arizona, however, existing home sales dropped by 6.0% YoY in September 2024, with the month's supply increasing to 4.4 months in October 2024 from 3.2 months the previous year. A similar pattern emerged in Las Vegas, Nevada where the median sales price for homes increased by 4.6% YoY in September 2024, while the estimated months of supply rose to 3.2 months, up from 2.1 months in September 2023. Meanwhile, in western cities like Portland, Oregon, existing home sales decreased by 2.5% YoY in September 2024, with median home prices dropping for the first time since December 2023, though they remained 2.5% higher than in September 2023. In Seattle, Washington, existing home sales saw a slight increase of 0.2%, but median home prices continued their downward trend, though still 7.0% higher compared to the previous year.

Sources: Census Bureau, BEA, BLS, IBIS, John Burns Research.

Asset Types

The focus of the investment strategy, which focus may change from time to time at the discretion of the Manager, is to make investments in:

(a) Value-add properties that demonstrate attractive long-term economic fundamentals;

(b) Ground up development properties that demonstrate attractive long-term hold fundamentals;

(c) Opportunistic acquisitions of stabilized Real Property;

(d) Mezzanine Loans;

(e) Real Estate Company Financings;

(f) Mortgage Investments; and

(g) Land development.

Generally, Real Property will be considered to be stabilized Real Property if the Manager, in its discretion, determines and believes in good faith that standard market practice would dictate that the Real Property should be considered stabilized.

The Manager primarily pursues investments in Real Property with either value add or ground up development opportunities. Value add properties require some form of improvement (such as physical renovations, improvements in the management of the asset, property repositioning, or resolution of distressed situations) that will allow for an improvement in the cash flows generated by the Real Property. Development Real Property investments will focus on the ground up construction of Real Property, in order to collect rental income in the medium to long-term. The Trust thereby anticipates it will participate in a share of capital appreciation by investing in either the value add or the ground up development phase of a real estate project while also capturing its cash flow and value appreciation upon transition of the Real Property into a stabilized, income producing asset.

Capital that is not invested in the Investment Portfolio may be invested in Short-Term Investments in the interim.

Asset Classes for Acquisition

The Manager has identified the following asset classes for acquisition in which it currently focuses:

1. multi-family residential for rent (specifically apartments and townhomes);

2. single-family housing for rent;

3. residential land development;

4. self-storage; and

5. industrial.

Given one of the Trust's Investment Objectives of providing attractive current income in the form of regular, steady cash distributions upon stabilization of the Investment Portfolio, the Manager anticipates focusing on the rental segment of each of these asset classes (as opposed to, for example, "build for sale" residential condominium developments). Although the Trust's current investment focus is primarily on the multi-family (specifically apartments and townhomes), single-family, self-storage and industrial asset classes, the Manager does not target any specific asset class allocations for the Investment Portfolio but rather strategically invests where the best opportunities are available at the time relative to the Investment Objectives and Investment Strategies of the Trust. This may include investment in other asset classes.

Multi-Family Residential for Rent

Multi-family residential is a type of residential asset wherein multiple housing units are contained within a single building or complex as is characteristic of apartment buildings, duplexes, townhome residences and condominium towers. The Manager believes the fundamentals of multi-family residential properties, particularly for rent product, are exceptionally strong in the U.S.

There are four main reasons the Manager believes multi-family apartments or townhomes for rent are currently a desirable investment:

1. Supply/demand imbalances: Per the United States Census Bureau, the rental vacancy rate in the United States is currently lower than it has been since the mid-1980s. The shortage of rental housing in the United States has led to increased rents, as well as increased investment demand for rental assets.

2. Shifting consumer preferences: Apartments are the preferred housing of the new largest adult generation. Millennials are delaying marriage and starting families which is also delaying their move into home ownership and creating a strong demand for rental product.

3. Barriers to home ownership: Rising home prices, existing debt levels, lack of available funds for down payments, limited housing options within available budgets and poor credit history or low credit scores make home ownership out of reach for many Americans.

4. Changing social perceptions on renting: The shifting lifestyles of the new generations makes renting a very attractive form of housing and indicates the historical stigma of renting is subsiding.

Single-Family Housing for Rent

Single-family for rent housing offers tenants the ability to rent a single-family home instead of a standard apartment unit. This provides renters with the experience of living in a single-family home with the benefit of the professional management and amenities often found in apartment communities.

These single-family rental communities typically offer one-, two-, three-bedroom attached or detached homes with upscale finishes, high ceilings and private yards with greater privacy than apartment buildings. Such homes often offer a superior living experience for renters and tend to command a premium on rental rates. Additionally, given the more home-like feel, renewal rates tend to be higher in this product type with renters being less inclined to move from one building to another.

Single-family for rent housing offers an attractive alternative to apartment living, especially given that it offers the benefits of living in a single-family home without the financial commitment associated with a home purchase.

Residential Land Development

Residential land development investments involve the acquisition of land and development of lots by installing horizontal infrastructure (sewer, water, electricity, roads) so a homebuilder can then construct homes upon the land. It may also include the subdivision of the site into smaller parcels and sale of these parcels to homebuilders or other commercial developers as pads. Projects can range from single-phase developments to multi-phased master-planned communities.

The Manager believes that the longer-term undersupply in housing in the U.S. will offer an opportunity for attractive returns in the residential space. More specifically, the Manager will focus on rapidly growing suburban locations where the supply/demand imbalance is more persistent and on lots developed for more entry-level, affordable housing product in highly amenitized communities. The Manager believes lots geared toward homes with more mass appeal will be more resilient to downturns and will also fill a void resulting from the structural undersupply in housing.

Furthermore, multi-phase land development projects are generally larger (1000+ lots), more complex, and of longer time horizon than other forms of real estate development which creates a high barrier to entry for potential new industry participants allowing for a return premium in this asset class. The Manager been active in the land development financing industry since 2010 and has relationships with some of the top-tier residential land developers.

Self-Storage

Self-storage relates to facilities offering rental units on a month-to-month basis where residential and commercial tenants store their belongings. Facilities can vary in size, quality, security and extent of services. A typical storage facility may consist of five to seven one or two-storey buildings with a varied unit mix, large roll-up doors and direct drive-up access to outside units. Location is key with visibility, ease of access, and proximity to customers being important drivers of demand.

The Manager believes the fundamentals for self-storage are particularly strong in the U.S. As preferences shift toward preference renting over home ownership, Millennials and Baby Boomers are downsizing from their single-family homes into multi-family residential units in the city, and the need to store belongings is growing. Multi-family residential units offer less storage space than single-family houses, creating demand for self-storage units. Additionally, businesses have started to view self-storage as a cost-effective solution to address space constraints.

Self-storage has additional benefits as an investment. It allows for ease of rent increases due to the month-to-month rental terms enabling quick responses to market conditions. Self-storage assets are also less labour or maintenance intensive than most other asset classes, resulting in lower operating costs and reduced capital improvement requirements. These factors allow for attractive risk-adjusted returns to this asset class.

Self-storage is also resilient to market volatility. When the economy is expanding, enhanced purchasing power will result in increased acquisition of goods requiring storage. When the economy contracts, downsizing of housing to save on shelter expenses increases demand for storing excess belongings. Accordingly, the Manager favours the risk-return characteristics of this asset class.

Industrial

Industrial real estate consists primarily of buildings for warehousing and distribution, manufacturing and assembly, research and development, showrooms, and other general uses which may include back office operations, post-production film studios, call centres and low cost office alternatives. Industrial properties are, for the most part, one-storey buildings located near major metropolitan regions and thoroughfares, ranging in size from 5,000 square feet of gross leasable area to over 500,000 square feet of gross leasable area. Industrial buildings tend to be more homogeneous than other commercial real estate asset classes and can accommodate a relatively diverse tenant base. Due to the significant scale and diversity of the tenant base, the industrial real estate sector generally tracks the overall performance of the economy. The industrial real estate market tends to operate near its demand/supply equilibrium, which leads to stable availability rates, facilitated by a shorter development cycle (9 to 12 months). Developments are often build-to-suit projects, with limited speculative development, which further facilitates demand/supply equilibrium. Industrial properties can be either single-tenant or multi-tenant, and industrial investments often require smaller average investments, are less management intensive and have lower operating costs than residential or retail properties. Industrial buildings tend to have long-term leases, and tenant rollover risk is mitigated by a high cost of relocation. Specific factors to take into account with regards to industrial properties include functionality, location relative to major transportation routes, and the degree of specialization.

Investment Process

The Manager's investment process is characterized by a top-down approach to identify attractive investment opportunities, beginning with a macro-level economic analysis of various geographies, markets and asset classes, followed by the identification and initial evaluation of individual investment opportunities.

The Manager has a demonstrated ability to access a wide variety of sources of deal flow, which are largely proprietary in nature. The Manager's sources of deal flow focus on unique relationships with developers, operating partners, consultants, attorneys, and traditional real estate equity brokers. The Manager looks to form long term relationships with joint venture partners so that the Manager is able to obtain advantageous 'first look' positions on future opportunities. The Manager focuses on sourcing opportunities on a proprietary basis through relationships with joint venture partners, while generally avoiding heavily marketed transactions.

The Manager mitigates the risks associated with investments through the initial due diligence and careful monitoring of its Investment Portfolio, active communication with investment partners, and continual monitoring of market conditions and changes. All investments are evaluated based on location, quality, and strength of the investment partner(s). A strong relationship with partners, lenders, construction service providers, and property managers is essential to the success of the investments.

The Manager has extensive knowledge and understanding of the real estate industry that has enabled its strong track record of making prudent investment decisions and identifying sound investment opportunities. As part of approving each investment, the Manager generally follows the approval process summarized below. Note that while the Manager generally follows the process described below, the steps and their order may vary based on the nature of the transaction. However, without exception each investment must be approved by the Manager Investment Committee, and an additional final approval must be provided by a member of the Acquisition Committee prior to the funding of any investment.

1. *Deal Sourcing & Screening*

The Manager follows a systematic approach in sourcing, analyzing, and screening investment opportunities. The process begins with weekly pipeline meetings attended by all Manager deal team members to review potential investment opportunities sourced through networks of real estate advisers, direct outreach to developers and operators, in-person events and existing relationships. When an opportunity is brought to the attention of the Manager for consideration, a member of the Manager's deal team will prepare a screening memo for an informal review and feedback from the head of equity investments and frequently senior members of the Manager Investment Committee. Upon initial review, further analysis, negotiation and structuring of the proposed investment is conducted by the Manager's deal team.

The Manager's deal team, in conjunction with other Manager sub-groups (portfolio management, finance, tax, etc.), directs and conducts all due diligence on the proposed investment with third party resources utilized when necessary. Although due diligence procedures are customized for specific elements of each investment opportunity, the Manager's deal team follows traditional due diligence processes (physical, market, environmental, insurance, tax, legal, etc.) in considering each proposed investment. In addition, due diligence is conducted through the following non-exhaustive means: (a) communication with developers and operating partners, appraisers, industry or product experts, third-party consultants, outside counsel, accountants and tax advisors; (b) analysis of customized research and existing research reports generated from real estate brokerage firms, investment banks, consultants and the Manager's extensive proprietary research network; (c) review of markets and physical reviews of properties and assets; and (d) review of legal documents and in-depth analysis of the legal and capital structure impacting the proposed investment in order to understand the key rights and control provisions of various investment classes in the structure which could impact the proposed investment.

This approach to the selection of an investment is expected to result in high-quality opportunities that may generate attractive risk-adjusted returns to Unitholders.

2. Letter of Intent (LOI)

Once a suitable investment opportunity has been identified, the Manager's deal team will prepare the Manager's template letter of intent ("**LOI**") for the project. This allows the Manager's deal team to focus on clarifying key terms such as the development's scope, partnership terms, timelines for due diligence, the permitting process and conditions for financing. The LOI acts as a preliminary agreement that outlines these key terms and serves as the framework for a legally binding partnership agreement or development contract. The LOI provides a structured path forward for all parties involved in the proposed investment, ensuring that there is a shared understanding of the proposed investment's parameters before the Manager commits further resources.

3. Manager Investment Committee

After underwriting and due diligence is substantially complete, the Manager's deal team will prepare an internal acquisition committee brief ("**ACB**"). The Manager's deal team then submits the ACB to the Manager Investment Committee. A majority of the Manager Investment Committee's members must approve the ACB in order for the proposed transaction to proceed.

When the Manager Investment Committee approves a transaction, various deal-specific items (including external financing, tax structuring and partnership agreement drafting) are completed with the ultimate objective of being thorough and cost-effective for the benefit of the Manager. The Manager's deal team is responsible for information and progress updates to the Manager Investment Committee. In the event that a transaction materially deviates from the initial ACB, the Manager's deal team and the Manager Investment Committee will revisit the proposed transaction to determine whether it is appropriate to move forward with the transaction.

Once the transaction reaches the asset management and disposition phases, the role of the Manager Investment Committee often becomes less formal, and the process typically will vary in order to suit the individual investment.

4. Due Diligence (Underwriting)

The Manager utilizes a customized, sector-specific due diligence checklist for all new investment opportunities. The due diligence checklist serves as an important tool during the underwriting process.

Site inspections are an important aspect of the Manager's underwriting process. During the due diligence phase, the number of times that the Manager's deal team visits a specific project will vary according to the dynamics of the specific deal. The Manager will make efforts to spend time in the surrounding market, visiting competitive properties and understanding factors that may impact the market. The Manager may also seek access to certain public areas of the property, if any, and seek out partners or consultants who are familiar with the property or were recently involved with the property.

In some cases, the Manager's deal team will be able to make multiple visits to a specific property. In general, the Manager will make efforts to take advantage of the available opportunities to spend time at the property or with the existing management team.

Regular property visits may also be an important component of the Manager's asset management process. Once acquired, the Manager's deal team will make efforts to visit the property or assets as frequently as required in order to ensure, to the extent possible, that investment objectives are achieved. These visits may range from regular walk-through visits for a ground-up development asset to quarterly board meetings for a more stabilized asset that requires less oversight.

The Manager's deal team may outsource certain due diligence items to specialized consultants or third-party service providers. Certain types of due diligence, such as environmental or physical condition reports, will also often require the use of outside experts. Property condition reports ("**PCRs**") are typically prepared by independent third-party consultants who conduct site visits and interviews with property personnel. These consultants then prepare a report on quality of construction, areas of construction deficiency and recommended repairs, including estimates of the required repair costs (if the investment opportunity is not a new development). The conclusions reached in the PCR and during site visits are often beneficial in projecting future capital expenditure needs and reserve requirements, which may have a significant impact on the underwriting process.

To help mitigate environmental risks, the Manager often requires the preparation or review of a Phase I Environmental Site Assessment ("**ESA**") by a registered environmental consulting firm. The ESA includes, amongst other things, an examination of potential soil contamination, examination of water quality and assessment of potential issues relating to the presence of hazardous substances. An ESA may assist the Manager's deal team in determining whether the site is "clean" or whether it warrants further environmental due diligence or possible remediation work. The ESA is prepared under the close supervision of the Manager's deal team, which retains ultimate responsibility for all aspects of the due diligence process.

5. *Drafting of Legal Agreements*

As the underwriting process progresses, the Manager will engage its external legal counsel to work with the third-party investment partner to draft legal agreements (typically in the form of limited partnership agreements). Often, the Manager's template limited partnership agreement is used, although, in all cases, the Manager ensures that satisfactory control, reporting, and governance provisions are included.

6. *Final Approval & Funding*

Once the due diligence and legal agreement processes have concluded, the Manager's accounting department receives notification of the approval of the transaction and instructions on the timing and amount of funding required. Upon final approval from a member of the Manager Investment Committee, the Manager's accounting and funding departments complete the funding process in connection with the closing of the transaction.

Development of the Business

The Trust has limited business and financial history. There have been no material events that have adversely affected the Trust's business since its inception.

The Offering is a "blind pool" offering. Other than the Trust's existing Investment Portfolio, the specific investments in which the Trust will invest, directly or indirectly, have not been identified as of the date of this Offering Memorandum. For details of the Investment Portfolio of the Trust as at December 31, 2023, see "*Trust Structure - Investment Portfolio of the Trust as at December 31, 2023*". The Manager will have broad discretion to make investments and alter the Investment Portfolio, either through the acquisition of additional investments or the disposition of any existing investments, subject to complying with the Investment Restrictions and Investment Objectives of the Trust. For additional information concerning the Investment Objectives, the Investment Portfolio and the Manager, see "*Risk Factors*".

The Trust competes with other real estate investment vehicles to originate and execute investment opportunities alongside real estate developers and investors.

Recent Developments

Changes in Executive Roles

On January 31, 2025, John Maragliano was promoted to Co-Chief Executive Officer of the general partner of Trez Capital Group Limited Partnership (which owns a controlling, indirect interest of the Manager), Co-Chief Executive Officer of the general partner of the Manager and Co-Chief Executive Officer of the Trustee. Christian Skogen was promoted to Chief Investment Officer of the general partner of the Manager and Chief Investment Officer of the Trustee and Keiju Yamasaki was appointed Chief Credit Officer of the general partner of the Manager and Chief Credit Officer of the Trustee also on January 31, 2025. Concurrently with these promotions, Dean Kirkham resigned from all of his roles with Trez Capital Group Limited Partnership, the Manager and its affiliates.

Morley Greene, Founder and Executive Chairman of the general partner of Trez Capital Group Limited Partnership transitioned from his roles as the Chairman, Chief Executive Officer and Director of the general partner of the Manager and President and Director of the Trustee as of February 5, 2024. Mr. Greene continues to actively contribute to key strategic initiatives of Trez Capital Group Limited Partnership, the Manager and its Affiliates.

Storage Portfolio Sale

On December 12, 2024, the Trust completed the successful sale of 14 of the 16 assets within the Trust's operating self-storage portfolio. The portfolio consisted of 14 properties strategically located in Dallas-Fort Worth, Texas offering approximately 9,100 rentable units. The portfolio was acquired by the Trust throughout 2021 through several joint ventures with one of the world's largest private real estate investors and operators. The business plan at the time of acquisition was to lease the portfolio up to the point of stabilized rents and occupancy levels. Having executed the business plan, a strategic disposition of the portfolio was deemed to be the best course of action for the Trust's Unitholders. Two development properties remain in the Trust's portfolio that are currently in the value-add lease up phase.

Amendment to Declaration of Trust

On January 1, 2023, the Manager and Trustee amended the Declaration of Trust to allow the Trust to become a "mutual fund trust" as that term is defined under the Tax Act. The amendment to the Declaration of Trust had the effect of:

1. Providing that the Units are redeemable at the demand of Unitholders, upon thirty days' written notice, subject to the restrictions described herein. See *"Securities Offered – Unitholder's Right To Redeem"* and *"Suspension of Redemptions"*.

2. Allowing for the issuance of Redemption Notes by the Trust. See *"Securities Offered – Redemption Notes"*.

Mutual Fund Trust Status

Counsel has provided the Manager and Trustee with the criteria for the Trust to be a "mutual fund trust" as that term is defined under the Tax Act and that it is recognized as such by the CRA. The Manager and Trustee have confirmed the Trust meets the criteria that tax counsel has provided.

Board of Governors

On May 1, 2023, Karen Keilty was appointed as a member of the Board of Governors. On September 30, 2023, the term of office of Dale Belsher, a former member of the Board of Governors of the Trust expired. On January 1, 2024, the term of office of Christopher Voutsinas, a former member of the Board of Governors of the Trust expired and Joshua Varghese was appointed as a member of the Board of Governors to fill the vacancy.

New Partners of Trez Capital Group Limited Partnership

Effective as of January 1, 2022, each of Dean Kirkham and John Maragliano subscribed for an indirect minority ownership interest in Trez Capital Group Limited Partnership, and became a partner of Trez Capital Group Limited Partnership. As a result of Mr. Kirkham's resignation, the minority ownership interest held by Mr. Kirkham was subsequently transferred by Mr. Kirkham to Trez Capital Group Limited Partnership for cancellation on January 31, 2025. See "The Trust – Recent Developments – Changes in Executive Roles".

The Trust's Objectives for the Next 12 Months

What we must do and how we will do it	Target completion date or, if not known, number of months to complete(1)	Our cost to complete(1)(2)
Market and complete the Offering	Ongoing	$1,462,500

Deploy the net proceeds from the Offering in a manner consistent with the Trust's Investment Objectives and Restrictions	Ongoing	$43,537,500

Notes:

(1) The time and cost to complete this event cannot be confirmed until the Trust identifies one or more suitable properties to acquire or invest in. **The Offering is a "blind pool" offering.** The specific properties in which the Trust's subsidiaries will be invested have not been identified as of the date of this Offering Memorandum. See "Use of Available Funds" and "Risk Factors."

(2) These amounts assume a maximum offering of $45,000,000. With the exception of commission expenses, costs incurred by the Trust will be paid directly from the gross proceeds of the Offering, up to a maximum amount equal to 2.0% of amount of the Subscription Proceeds actually raised. See "Use of Available Funds".

Related Party Transactions

The investments that may be acquired by the Trust may be purchased from related entities of the Manager, including other entities managed by the Manager. However, such investments may represent a conflict of interest, as the Manager would be dealing with itself or overseeing a transaction between two or more entities it manages. In order to mitigate risks to investors associated with these conflicts of interest and promote fairness and transparency, any investment acquired from related entities of the Manager are subject to the Independent Review Committee's review. While the Trust may acquire investments from related entities of the Manager, the Trust will not hold an investment whereby the Manager, or Affiliates of the Manager, hold a senior ranking position (such as a first mortgage) on such investment. Additionally, the Trust will invest in a manner that the Manager believes will allow the Trust to meet its Investment Objectives and comply with its Investment Restrictions. See "*Interests of Directors, Management, Promoters and Principal Holders – Conflicts of Interest and Interest of Management and Others In Material Transactions*" and "*Risk Factors – Potential Conflicts of Interest*".

Valuation Policy and Calculation of Net Asset Value

"**Net Asset Value**" is defined as the Trust's assets less its liabilities based on the value of each item as determined by the Manager in accordance with the Valuation Policy and as adjusted for certain items as outlined in the Calculation of the Net Asset Value of Units and Net Asset Value per Unit.

The Net Asset Value is determined by the Manager on a monthly basis as of each Valuation Date. The Net Asset Value per Unit may vary between the different Series. If there are any errors in the calculation of Net Asset Value, the Manager may, in its discretion, take any actions that the Manager determines are necessary to rectify the error, including with respect to any prior distributions or Redemptions.

Net Asset Value is calculated in Canadian dollars while the currency of the underlying investments will likely be primarily U.S. dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to the U.S. dollar. In order to mitigate, but not eliminate, the adverse effects of a decline in the U.S. dollar versus the Canadian dollar, the Trust currently hedges U.S. dollar denominated investments by way of foreign exchange swaps.

The Manager intends to reassess its currency hedging strategy from time to time. The Manager's hedging strategy and future hedging transactions will be determined at its sole discretion. Accordingly, the Net Asset Value, when expressed in Canadian dollars, may fluctuate in accordance with fluctuations in the Canada/U.S. dollar exchange rate.

While the Manager believes its methodology for the calculation of Net Asset Value is consistent with standard industry practices, the determination of Net Asset Value of the Trust may not be comparable to other similar investments.

Valuation Policy

The Manager has adopted valuation guidelines that contain a set of methodologies to be used in connection with estimating the values of the assets and liabilities for the purposes of the Net Asset Value calculation. These guidelines are designed to produce a fair and accurate estimate of the price of Units that would be received in an arm's length transaction for Units. **The Manager may, in its discretion, adopt alternative methodologies consistent with market practices or economic principles to calculate the Investment Portfolio value and Net Asset Value from time to time, without notice to, or approval by, Unitholders.** This may occur if the Manager determines that such changes are likely to result in a more accurate reflection of Net Asset Value or allow for a more efficient or less costly determination of Net Asset Value without causing a material adverse impact on the accuracy of such value.

While the Manager believes its methodology for the calculation of Net Asset Value is consistent with standard industry practices, the determination of Net Asset Value of the Trust may not be comparable to other similar investments. Ultimately, the Trust's Valuation Policy is designed to ensure that the calculation of the Trust's Net Asset Value, and resulting Transaction Price for Units, occurs in a manner that is transparent, fair to Unitholders, and consistent with the economic benefits that ownership of Units is anticipated to provide.

Use of Third-Party Appraisals

Each Real Property Equity Investment is valued at least annually by a third-party independent real estate valuation expert ("**Independent Appraiser**") that will prepare a written appraisal report providing an estimate of the gross market value of a property. The Independent Appraiser will be a nationally recognized firm with appropriate qualifications and certifications to prepare real estate valuations in accordance with recognized valuation techniques. These valuation techniques can include the income approach, direct comparison approach, and cost approach, and may be modified, based on the nature of the property and its stage in the development or holding cycle, in accordance with standard industry practices.

The appraisal will require significant assumptions and judgments relating to macroeconomic and local market conditions as well as property specific information. As a result, the calculation of fair values will involve significant professional judgment, the use of assumptions, and reliance on various data which may result in a valuation that may be materially different from the value realized on the investment. In addition, there could be conditions that exist that make it more difficult to obtain accurate valuations at certain times.

While the Manager generally uses the Independent Appraiser's latest opinion of value of a Real Property Equity Investment to establish the Net Asset Value each month, occasions may arise where the Manager uses its own internal valuation to calculate the Net Asset Value. These include (but are not limited to) circumstances where:

1. The Manager reasonably determines that the Independent Appraiser's most recent valuation no longer accurately captures the current carrying value of a given investment. For example, if the Manager has recently received an appraisal report for an asset that indicates that valuation metrics have changed for comparable assets in the Trust's Investment Portfolio, the Manager may adjust these comparable asset's valuations.

2. For construction projects that are progressing through the planning, pre-construction, or early construction phases, the Manager determines that using the Independent Appraiser's "as is" land value would not appropriately recognize the value of project progression, and thus would not result in a reasonable Net Asset Value for Subscription and Redemption pricing purposes. In this case, the Manager generally performs a discounted cash flow analysis based on the project's proforma cash flows which affords a reasonable premium to the carrying value of such projects above their "as is" land value. Importantly, in this case, as construction begins the carrying value of these is expected to revert to the Independent Appraiser's opinion of value. In other words, this methodology influences the timing of expected development profit recognition, but not the amount recognized.

Valuation of Real Property Investments

Given the nature of the investments and their various stages within the development cycle or holding cycle, the valuation methodologies may vary. Accordingly, the guidelines set out by the Manager for the valuation of certain investments are as follows:

<u>Stabilized Real Property Equity Investments</u>

Valuation of Stabilized Real Property Overview

The Net Asset Value of stabilized Real Properties attributable the Trust is the residual value of the stabilized Real Property after accounting for debts and third-party equity interests in the investment. In order to value these interests, the following general formula will be used.

(a) Stabilized Real Property asset value

(b) less: value of stabilized Real Property liabilities

(c) less: value of stabilized Real Property equity interests not attributable to the Trust

equals: Net Asset Value of the Trust's investment in stabilized Real Property

The Valuation Policy for each of these items is described in the following.

(a) <u>Valuation of Stabilized Real Property Assets</u>

The Trust's Equity Investments in stabilized Real Property assets will be measured at fair value. Fair value is determined by the Manager in conjunction with third-party independent real estate valuation experts ("**Independent Appraiser**") that will prepare a written appraisal report on an annual basis providing an estimate of the gross market value of a property. The Independent Appraiser will be a nationally recognized firm with appropriate qualifications and certifications to prepare real estate valuations in accordance with recognized valuation techniques. These valuation techniques can include the income approach, direct comparison approach, and cost approach, and may be modified, based on the nature of the property and its stage in the development or holding cycle, in accordance with standard industry practices.

The appraisal will require significant assumptions and judgments relating to macroeconomic and local market conditions as well as property specific information. As a result, the calculation of fair values will involve significant professional judgment, the use of assumptions, and reliance on various data which may result in a valuation that may be materially different from the value realized on the investment. In addition, there could be conditions that exist that make it more difficult to obtain accurate valuations at certain times.

The Manager will obtain an appraisal prepared by an Independent Appraiser to determine the fair value of a Real Property investment on an annual basis based on appraisal dates determined at the discretion of the Manager. It is anticipated that annual appraisals of properties will be prepared on a rolling basis, with properties appraised at different times during the year, but with yearly intervals between appraisal dates.

At the sole discretion of the Manager, if circumstances, whether market driven of property specific, have occurred that may have a material impact on the most recent valuation of a property, an updated valuation – whether prepared by the Independent Appraiser or the Manager – may be obtained between annual appraisal dates and used to calculate Net Asset Value.

(b) <u>Valuation of Stabilized Real Property Liabilities</u>

Any liabilities incurred to finance the Trust's stabilized Real Property investments, including Mezzanine Loans and preferred Equity Investments that the Manager deems in its sole discretion to be economically equivalent to debt, will be measured at fair value or amortized cost using the effective interest method. The Manager will determine which of these two methods to use in its sole discretion.

(c) <u>Valuation of Third-Party Equity Interests in Stabilized Real Property</u>

The Trust's investments in stabilized Real Property will typically constitute limited partnership units in limited partnerships that have been formed for the purpose of investing in properties. As such, the Trust's equity interest in stabilized Real Properties may not be the only equity interest in such properties. In addition to the Trust's interests in such partnerships, there may also be interests attributable to additional limited partners, as well as a general partner. Any interests in such limited partnerships that are not held by the Trust will be subtracted from the partnership's equity value to arrive at the Net Asset Value contribution of the subject investment that is attributable to Unitholders.

As is typical in the real estate development industry, the limited partnerships will usually involve a prescribed distribution of the cash flows generated by the partnership's investments that varies with the investments' performance. Typically, the general partner of the limited partnership will receive a greater portion of cash flow as a given investment's performance increases. This means that changes in the asset value of an invested stabilized Real Property may not result in a proportionate change in value of the Trust's investment in the same stabilized Real Property.

In order to account for this dynamic, the Trust's equity interest in stabilized Real Properties will be valued at each Valuation Date as if the property were to be sold at the most recent valuation established by the Manager in conjunction with the Independent Appraiser, and proceeds distributed per the limited partnership agreement that governs such distributions. The value of the Trust's investment will equal the proceeds that would be payable to the Trust in accordance after the full settlement of relevant debts, distributions payable to additional limited partners, and distributions payable to general partners.

Non-Stabilized Real Property Equity Investments

Valuation of Non-Stabilized Real Property Overview

The Net Asset Value of non-stabilized Real Properties attributable the Trust is the residual value of the non-stabilized Real Property, after accounting for debts and third-party equity interests in the investment. In order to value this interest, the following general formula will be used.

(a) non-stabilized Real Property asset value

(b) less: value of non-stabilized Real Property liabilities

(c) less: value of non-stabilized Real Property equity interests not attributable to the Trust

equals: Net Asset Value of the Trust's investment in non-stabilized Real Property

The Valuation Policy for each of these items is described in the following.

(a) Valuation of Non-Stabilized Real Property Assets

The Trust's Equity Investments in non-stabilized Real Property assets will be measured at fair value. Fair value is determined by the Manager in conjunction with Independent Appraisers that will prepare a written appraisal report on a semi-annual basis providing an estimate of the gross market value of a property. The Independent Appraiser will be a nationally recognized firm with appropriate qualifications and certifications to prepare real estate valuations in accordance with recognized valuation techniques. These valuation techniques can include the income approach, direct comparison approach, and cost approach, and may be modified, based on the nature of the property and its stage in the development or holding cycle, in accordance with standard industry practices.

Each appraisal will require significant assumptions and judgments relating to macroeconomic and local market conditions as well as property specific information. As a result, the calculation of fair values will involve significant professional judgment, the use of assumptions, and reliance on various data which may result in a valuation that may be materially different from the value realized on the investment. In addition, there could be conditions that exist that make it more difficult to obtain accurate valuations at certain times.

In order to fairly and accurately align the risks and rewards of the Trust's non-stabilized investments to Unitholders' subscription and Redemption timing, the Manager has instructed its Independent Appraisers to produce non-stabilized Real Property valuations that include an estimate of unrealized development profit accrued to date for each non-stabilized Real Property asset. In limited cases the Manager may also temporarily make its own estimate of unrealized development profit, in cases where the Manager determines that doing so is likely to result in a more accurate reflection of Net Asset Value or allow for a more efficient or less costly determination of Net Asset Value without causing a material adverse impact on the accuracy of such value.

The Trust's investments in non-stabilized Real Property assets will generally be measured at the estimate of gross market value provided by the Trust's Independent Appraisers within appraisal reports every six months, as adjusted for an estimated unrealized development profit allowance. This estimate will be derived from the Independent Appraiser's or the Manager's estimate of overall expected project profit. The estimate of unrealized development profit allowance will be allocated based on the project's current state of completion, as measured by costs in place, percentage occupancy achieved, a discounted cash flow (DCF) analysis, or any other benchmarks that may be used to measure project completion. In addition, the Independent Appraiser will generally provide the means to estimate the development profit that will be added each month to the subject Real Property's valuation until the next semi-annual reappraisal.

In order to provide an estimate of the current value of the Trust's Units that reflects the progress of non-stabilized Real Property Equity Investments' business plans and investment value created to date, the Net Asset Value and resulting Subscription and Redemption Price of Units will include an estimate of unrealized development profits attributable to the Trust's non-stabilized Real Property holdings. Estimates of unrealized development profits will often, but not always, be provided by third-party Independent Appraisers. This valuation methodology is anticipated to produce an estimate of Net Asset Value that accurately aligns Unitholders' investment return with Subscription or Redemption timing, and may not align with IFRS Fair Value Measurement principles (see "*The Trust's Business – Differences between IFRS and Transaction Price*").

(b) Valuation of Non-Stabilized Real Property Liabilities

Any liabilities incurred to finance the Trust's non-stabilized Real Property investments, including Mezzanine Loans and preferred Equity Investments that the Manager deems in its sole discretion to be economically equivalent to debt, will be measured at fair value or amortized cost using the effective interest method. The Manager will determine which of these two methods to use in its sole discretion.

(c) Valuation of Third-Party Equity Interests in Non-Stabilized Real Property

The Trust's investments in non-stabilized Real Property will typically constitute limited partnership units in limited partnerships that have been formed for the purpose of investing in properties. As such, the Trust's equity interest in non-stabilized Real Properties may not be the only equity interest in such properties. In addition to the Trust's investment in such partnerships, there may also be additional limited partners, as well as a general partner. Any interests in such limited partnerships that are not held by the Trust will be subtracted from the partnership's equity value to arrive at the Net Asset Value attributable to Unitholders.

As is typical in the real estate development industry, the limited partnerships will usually involve a prescribed distribution of the cash flows generated by the partnership's investments that varies with the investments' performance. Typically, the general partner of the limited partnership will receive a greater portion of cash flow as a given investment's performance increases. This means that changes in the asset value of an invested non-stabilized Real Property may not result in a proportionate change in value of the Trust's investment in the same non-stabilized Real Property.

In order to account for this dynamic, the Trust's equity interest in non-stabilized Real Properties will be valued at each Valuation Date as if the property were to be sold at the most recent valuation as determined by the Manager in conjunction with the Independent Appraiser, and as adjusted monthly for any estimated unrealized development profit, with proceeds distributed per the agreement that governs such distributions. The value of the Trust's investment will equal the proceeds that would be payable to the Trust in accordance after the full payment of relevant debts, distributions payable to additional limited partners, distributions payable to general partners.

Mezzanine Loan and Real Estate Company Financing Investments

There is no quoted price in an active market for the Mezzanine Loan or Real Estate Company Financing investments. The Manager makes its determination of fair value for such investments based on its assessment of the current lending market for investments of a similar nature on the same or similar terms. Typically, the fair value of such investments approximate their carrying value given the amounts consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties, less any impairment losses. The Manager assesses any impairment losses on these investments based on the assessment of any significant change in credit risk since initial recognition which would impact the estimated future cash flows of the investment.

Mortgage Investments

Mortgage Investments will be measured either at amortized cost using the effective interest method, or at fair value. The Manager will determine which of these two methods to use based on the terms of the relevant Mortgage Investment. Mortgage Investments that are measured at amortized cost by using the effective interest method will be measured less any actual expected credit losses, but expected credit losses on performing investments in mortgages classified under IFRS 9 as Stage 1 and Stage 2, which are not related to a specific credit impaired or defaulted Mortgage Investment, will be removed from the Net Asset Value calculation.

Other financial assets and liabilities

The fair values of cash, restricted cash, other assets, loans payable, accounts payable, accrued liabilities and distributions payable to holders of redeemable Units approximate their carrying value due to their short-term maturities.

Differences between IFRS and Transaction Price

For the purposes of determining the Net Asset Value per Unit of the Trust for purchases and Redemptions, adjustments may be made to the net assets of the Trust as determined in accordance with IFRS for the following items:

1. the amortization of certain expenses including but not limited to legal and accounting costs, acquisition fees, and commissions expenses, which are required to be written off immediately under IFRS but instead may be amortized over a period of time, the duration of which will be determined by the Manager based on the nature of the relevant expense, in order to allow for better matching of the costs and benefits of these expenses among existing, remaining and incoming Unitholders;

2. the deferral of expenses incurred between the first Closing of Units until December 31, 2021 and subsequent amortization of these expenses over a period of time, the duration of which has been determined by the Manager based on the nature of the relevant expense;

3. adjustments to the fair value of the net assets to be in accordance with the Valuation Policy for any item where IFRS may require an alternative valuation approach (such as cost), if any, including the adjustment for Stage 1 and Stage 2 expected credit losses on performing loans under IFRS 9 which are not related to a specific credit impaired or defaulted loan, as well as to account for deferred tax liabilities based on the calculated Net Asset Value of the Trust instead of net assets as determined under IFRS 9;

4. translation differences from the functional currency of U.S. dollars to the presentation currency of Canadian dollars which are recorded in accumulated other comprehensive income (loss) on the audited statements but will be allocated in the Net Asset Value calculation;

5. adjustments to account for vesting of the Manager Participating Interest, which while vesting is expected to increase the portion of any distributions of Distributable Cash or cash Redemption proceeds attributable to the Series Manager Units and decrease the portion of any distributions of Distributable Cash or cash Redemption proceeds attributable to each other Series of Units. While the Redemption Price and the Subscription Price will be equal at any given Valuation Date, the application of the Manager Participating

Interest will reduce the cash proceeds actually payable to Unitholders who redeem Units as the aggregate Redemption Price paid will be net of any cash proceeds payable to the Manager based on the vested portion of the Manager Participating Interest. The Manager Participating Interest will not affect the aggregate Subscription Price payable by a Subscriber for the purchase of Units. See "*The Trust's Business – Valuation Policy and Calculation of Net Asset Value – Connections between Net Asset Value and Transaction Price*";

6. adjustments to the carrying value of non-stabilized Real Property Investments to include an estimate of unrealized development profits attributable to such investments, whether estimated by an Independent Appraiser or the Manager, which are in aggregate expected to provide an estimate of the current value of the Trust's Units that reflects such investments' business plans' progress to date;

7. adjustments to the carrying value of non-stabilized Real Property investments to match the recognition of monthly preferred interest expense with the allocation of development profits into Net Asset Value, in cases where proforma development profits are expected to exceed proforma preferred interest expense. These adjustments are generally achieved by capitalizing accrued preferred interest amounts payable to senior preferred equity positions used to finance the Trust's investments, such that accrued monthly preferred interest amounts do not impact the Net Asset Value of the Trust until such time that there is value creation to the corresponding investment at which point such preferred interest amounts are expensed, with the preceding capitalization and expense adjustments being subject to the Manager's assessment that such senior preferred equity position continues to provide accretive leverage to the Trust's corresponding junior common Equity Investment. In cases where senior preferred equity financings are no longer expected to be accretive to the Trust, preferred interest amounts will be expensed as incurred and retroactively, as applicable; and

8. any other adjustments as determined at the discretion of the Manager.

As a result, the Net Asset Value of the Trust calculated for the purposes of the Transaction Price may or may not be equal to the net asset value of the Trust as calculated for financial reporting purposes per the audited IFRS statements.

Reconciliation of IFRS and Transaction Net Asset Value

The net assets of the Trust in the Audited Financial Statements have been prepared in accordance with IFRS. For the purposes of subscriptions for Units of the Trust and Redemptions, Units are valued in accordance with the Trust's Valuation Policy.

IFRS net assets per Unit is computed by dividing the net assets attributable to each Series of Units determined in accordance with IFRS, by the total number of Units of the Series outstanding. Net Asset Value per Unit is computed by dividing the Net Asset Value attributable to a Series of Units, determined in accordance with the Valuation Policy, by the total number of Units of the applicable Series outstanding. This amount may be different from the net assets per Unit presented on the statement of financial position in the Audited Financial Statements. The difference is due to the amortization of certain expenses and fees including but not limited to legal and accounting costs, acquisition fees and commission expenses, and start-up expenses. Based on the nature of the relevant expense and in order to allow for a better matching of the costs and benefits of these expenses among existing, remaining and incoming Unitholders, these expenses are being amortized for Net Asset Value calculation purposes over periods ranging up to 15 years.

The difference between the Pricing Net Asset Value and the net assets, excluding the Series Manager Unit, reflected in the interim condensed consolidated financial statements was as follows:

	Sept 2024	Dec 2023*
Redeemable units, representing net assets attributable to holders of redeemable units	$ 158,560	$ 150,088
Manager's participating interest	(7,304)	(6,141)
Accumulated other comprehensive income	102	52
	$ 151,358	$ 143,999

Units issued and outstanding, excluding Series Manager Unit		1,391		1,306
IFRS net assets per unit	$	108.77	$	110.27
Unamortized expense adjustments*		8.87		9.83
Exit Fee/Closing Cost Provision		(1.20)		-
Debt valuation adjustment		-		(2.74)
Pricing Net Asset Value per unit**	$	116.44	$	117.36

* Net of deferred tax balance difference (Note Financial Statements 12(c)).

** Pricing Net Asset Value per unit includes Series A, F and I Units. The Trust calculates a separate Net Asset Value per unit for Series A Units (introduced in April 2023). For simplicity, the IFRS to pricing reconciliation above shows total Net Asset Value per unit (inclusive of Series A, F and I Units).

The pricing Net Asset Value per Unit shown above includes Series A, Series F and Series I Units. The Trust calculates a separate Net Asset Value per Unit for Series A Units (introduced in April 2022). For simplicity, the IFRS to pricing reconciliation above shows total Net Asset Value per Unit (inclusive of Series A, Series F and Series I Units).

Calculation of the Net Asset Value of Units and Net Asset Value per Unit

The Net Asset Value of a particular Series of Units will be calculated by the Manager based on the value of the Trust's Investment Portfolio in accordance with the Valuation Policy, the addition of any other assets such as cash and receivables, and the deduction of any liabilities, as well as an allocation of any general Trust expenses.

Specific liabilities attributable to a particular Series of Units will include any costs that can be directly attributed to such Unit, including the Manager's Fees and any expenses incurred by the Trust. Trustee expenses will include any and all expenses that are required in the operation and administration of the Trust which cannot be specifically attributed to a particular Series of Units but rather should be attributable to all Unitholders. The Manager will have the discretion in allocating liabilities and expenses and will do so to ensure a fair allocation to those Unitholders which are receiving the benefit of the associated cost. The general expense allocation will be based on the amount of the general Trust expenses incurred in a month multiplied by a quotient obtained by dividing the average Net Asset Value of a particular Series of Units as at the Valuation Date by the total average Net Asset Value of the Trust as at the Valuation Date.

The Net Asset Value per Unit on a particular date will be the quotient obtained by dividing the Net Asset Value of the particular Series of Units on a given day by the total number of outstanding Units of such Series at the end of such date (for greater certainty, after giving effect to all issuances, purchases, Redemptions and consolidations of Units occurring, or deemed to occur, on such date).

Connection between Net Asset Value and Transaction Price

Given the time required for the Manager to calculate and report Net Asset Value, the Net Asset Value as of a certain Valuation Date will not be available until the subsequent month. This will result in a one-month difference between the Net Asset Value in effect as a Transaction Price at a particular month and the actual Net Asset Value as at such month. Accordingly, the Subscription Price or Redemption Price for a particular Series of Unit, which is based on the Net Asset Value of such Series, at any given month, will be based on the Net Asset Value of such Series for the prior month.

For instance, the Net Asset Value of the Trust calculated and reported as of a June 30 will not be available until July 31. As a result, investors subscribing for Units as of June 30 will be investing based on a Subscription Price of the applicable Series of Unit available as of May 31. Similarly, investors redeeming Units as of June 30 will be redeemed based on the applicable Redemption Price available as of May 31. This will result in a difference between the reported Net Asset Value at a certain Valuation Date and the Net Asset Value used for the purposes of determining the Transaction Price for a particular Series of Units at the same Valuation Date.

The Net Asset Value of the Trust will be calculated based on the most current information available to the Manager, particularly as provided by the Manager's joint venture investment partners. If investment information is not provided to the Manager with sufficient time to allow for its incorporation into the current Net Asset Value calculation, the Manager will either estimate these values or defer inclusion of such information to the subsequent month.

While the applicable Redemption Price and Subscription Price will be equal at any given Valuation Date, the application of the Manager Participating Interest will affect the cash proceeds actually payable to Unitholders who redeem Units. Subscriptions for Units will be priced at the Subscription Price at the applicable Valuation Date and Subscribers will be required to pay to the Trust the aggregate Subscription Price for the Units purchased (for the avoidance of doubt, the vested portion of the Manager Participating Interest will not be deducted from the aggregate Subscription Price owed by the Subscriber). Redemptions of Units will be based on the Redemption Price at the applicable Valuation Date; however, the actual cash proceeds paid to the redeeming Unitholders will be based on the aggregate Redemption Price of the redeemed Units net of the vested portion of the Manager Participating Interest payable in respect of such Redemption. For example, if the Manager Participating Interest were fully vested and the Transaction Price for a Series of Units was $200.00, then a subscription for a Unit of such Series would require the Subscriber to pay an aggregate cash price of $200.00, while the Redemption of a Unit of such Series would only garner cash proceeds to the Unitholder of $190.00 (or $200.00 multiplied by one minus the Manager Participating Interest). The balance of $10.00 would be paid to the Manager, based on the rights of the Manager pursuant to the Manager Participating Interest to receive 5% of any Redemption amounts paid to Unitholders.

The Manager may suspend the acceptance of subscriptions or Redemptions if the Manager believes there has been a material change to the Net Asset Value per Unit since the end of the prior month.

Reporting of Net Asset Value

The Net Asset Value of each Series of Units (other than the Series Manager Units) is included in the quarterly report of the Trust that is available to the public on the Manager's website and upon request by contacting the Manager at is@trezcapital.com or by calling toll free 1-877-689-0821.

Expenses of the Trust

The Trust pays for all expenses incurred in connection with its operation and administration. It is expected that the operating expenses of the Trust will include, without limitation: preparing, mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to accountants, the auditors, legal advisors and any other professional consultants as required; ongoing regulatory fees, licensing fees and other fees; external bookkeeping fees and the costs associated with FundSERV; fees payable for banking charges, including set-up costs, service and other fees and interest expense on borrowings; any mortgage broker fees chargeable to the Trust; any reasonable out–of–pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Trust; any additional fees payable to the Manager for the performance of extraordinary services on behalf of the Trust; any taxes payable by the Trust or to which the Trust is subject; select listed financial institution goods and services tax, interest expenses; expenses relating to portfolio transactions; any fees and expenses related to the management of the investments; any expenditures that may be incurred upon the termination of the Trust; and fees payable to members of the Board of Governors. Such expenses also will include expenses of any action, suit or other proceeding in which or in relation to which the Manager is entitled to indemnity by the Trust. The Trust will also be responsible for any extraordinary expenses which it may incur from time to time.

The Trust will be subject to an independent audit and report to the Trustee, and the Manager will provide full access to its books and records for such purpose.

Material Agreements

The Declaration of Trust is the only agreement which is material to this Offering and to the Trust, which is in effect.

Declaration of Trust

The following is a summary of the certain terms of the Declaration of Trust, and is qualified by, and reference should be made to, the full text of the Declaration of Trust.

Meetings of Unitholders and Resolutions

The Trustee may, at any time, convene a meeting of the Unitholders and will be required to convene a meeting on receipt of a request in writing of the Manager or of Unitholders holding, in aggregate, 50% or more of the Units outstanding (or in the case of a Series meetings, of that Series).

Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Special Resolution or Unanimous Resolution, as discussed below, will require the approval of Unitholders by Ordinary Resolution. A quorum for any meeting convened to consider such matter will consist of two or more Unitholders present in person or by proxy and representing not less than 5% of the Units (or of that Series) outstanding on the record date. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days later, selected by the Manager and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present at any adjourned meeting will constitute a quorum.

Each Unitholder is entitled to one vote for each Series A Unit, Series F Unit or Series I Unit held. The Series Manager Units entitle the Manager to the number of votes that equates (i) the total percentage voting power of all of the outstanding Series Manager Units based on the aggregate number of Units outstanding from time to time, to (ii) the vested percentage of the Manager Participating Interest at such time.

Matters Requiring Unitholder Approval

The following matters require approval by Ordinary Resolution and shall be deemed approved, consented to or confirmed, as the case may be, upon the adoption of such Ordinary Resolution:

(a) matters relating to the administration of the Trust for which the approval of the Unitholders is required by policies of the securities regulatory authorities in effect from time to time;

(b) subject to the requirements for a Special Resolution and a Unanimous Resolution, any matter or thing stated herein to be required to be consented to or approved by the Unitholders; and

(c) any matter which the Manager or Trustee considers appropriate to present to the Unitholders for their confirmation or approval.

Each of the following actions requires approval by Special Resolution, the terms of which shall specify the date upon which the proposed action shall be undertaken and the party who shall undertake the action:

(a) the amendment of the Declaration of Trust (except as provided under "*Amendments to the Declaration of Trust by the Trustee*" below) or changes to the Trust, including the Investment Objectives of the Trust (for greater certainty, the establishment of a new Series, provided same are within the Investment Objectives of the Trust, will not require Unitholder approval);

(b) an increase in the fees payable to the Manager;

(c) the removal of the Trustee;

(d) the appointment of a new trustee, except the Manager may appoint an Affiliate of Trez Capital Group Limited Partnership as the new trustee without requiring such approval by Special Resolution;

(e) the termination of the Manager; and

(f) subject to the right of the Manager or Trustee to do so, the termination of the Trust.

Notwithstanding the foregoing, any amendment to the Declaration of Trust which would have any of the following effects requires approval by Unanimous Resolution, the terms of which shall specify the date upon which the proposed amendment shall be undertaken and the party who shall undertake the amendment:

(a) a reduction in the interest in the Trust of any Unitholder (other than a reduction arising through an issuance of additional Units);

(b) a reduction in the amount payable on any outstanding Units of the Trust upon liquidation of the Trust;

(c) an increase in the liability of any Unitholder; or

(d) the alteration or elimination of any voting rights pertaining to any outstanding Units of the Trust.

Amendments to the Declaration of Trust by the Trustee

Subject to the restrictions described under "*Matters Requiring Unitholder Approval*" above, any provision of the Declaration of Trust may be amended, deleted, expanded or varied by the Trustee without the consent of the Unitholders if the amendment is not a material change which adversely affects the pecuniary value of the interest of any Unitholder in the Trust or to:

(a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Trust;

(b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained herein;

(c) bring the Declaration of Trust into conformity with applicable laws, including the rules and policies of Securities Authorities or with current practice within the securities or investment fund industries provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders;

(d) obtain or maintain, or permit the Manager to take such steps as may be desirable or necessary to obtain or maintain, the status of the Trust as a "mutual fund trust" and a "unit trust" for the purposes of the Tax Act, including any amendments or alterations to any restriction on Redemption, or to respond to amendments to the Tax Act or to the interpretation thereof; or

(e) effect a Permitted Merger.

The Declaration of Trust may also be amended by the Trustee without the consent of the Unitholders for the purpose of changing the Trust's taxation year-end as permitted under the Tax Act or providing the Trust with the right to acquire Units from any Unitholder for the purpose of obtaining or maintaining the status of the Trust as a "mutual fund trust" for purposes of the Tax Act.

Notwithstanding the above or any other provision herein, no confirmation, consent or approval will be sought or have any effect and no Unitholder will be permitted to effect, confirm, consent to or approve, in any manner whatsoever, where the same increases the obligations of or reduces the compensation payable to or protection provided to either the Manager, Board of Governors or the Trustee or which terminates the Manager, except with the prior respective written consent of the Manager, Board of Governors or the Trustee, as the case may be.

Any matter affecting a particular Series alone or affecting such Series differently than other Series requires a separate vote of the Unitholders of such Series. The Manager may not, without the approval by Special Resolution of the Unitholders of the affected Series:

(a) create a Series which will be entitled to a preference over that Series; or

(b) abrogate, affect or alter any rights, privileges, restrictions or conditions attaching to that Series.

Permitted Mergers

The Manager may, without obtaining Unitholder approval, merge the Trust (a "**Permitted Merger**") with another fund or funds, provided that:

(a) the fund(s) with which the Trust is merged must be managed by the Manager or an Affiliate of the Manager (the "**Affiliated Entity**");

(b) Unitholders are permitted to redeem their Units at a Redemption Price equal to the Net Asset Value per Unit, less any costs of funding the Redemption, including commissions, prior to the effective date of the merger;

(c) the funds being merged have similar Investment Objectives as set forth in their respective limited partnership agreements or declarations of trust, as applicable, as determined in good faith by the Manager and by the manager of the Affiliated Entity in their sole discretion;

(d) the Manager must have determined in good faith that there will be no increase in the management expense ratio borne by the Unitholders as a result of the merger;

(e) the merger of the funds is completed on the basis of an exchange ratio determined with reference to the redemption value per unit of each fund; and

(f) the merger of the funds must be accomplished on a tax-deferred rollover basis for unitholders of each of the funds.

Manager's Fees

The Declaration of Trust provides that the Manager will receive the Manager's Fees to, among other things: (i) evaluate and assess prospective investments; (ii) acquire investments; (iii) manage and monitor the Investment Portfolio; and (iv) determine what allocation of investments will provide an appropriate risk-adjusted return to Unitholders.

The Trust may also conduct some of its operations through the Sub-trust, an entity wholly owned by the Trust and managed by the Manager. The Sub-trust's declaration of trust contains provisions with respect to fees payable to the Manager, including that the Manager will receive fees from the Sub-trust which are similar to the Manager's Fees. To ensure that no fees or expenses paid by the Trust and the Sub-trust are duplicated, the Manager has agreed to waive any fees payable by the Trust, including but not limited to the Manager's Fee, to the extent the same fees are being paid by the Sub-trust.

The Manager will determine whether prospective investments are permitted pursuant to the Investment Restrictions and will perform the due diligence required to make such a crucial determination. The Manager will continually monitor and evaluate the financial performance of such investments and the allocation of the assets among such investments to consider ongoing asset allocation decisions. The Manager will not be liable in any way for any default, failure or defect in any of the securities comprising the Investment Portfolio of the Trust if it has satisfied the duties and the degree of care, diligence, and skill of reasonably prudent person in comparable circumstances. To the extent the Manager, or an Affiliate thereof, performs any property management, leasing or capital project management that would not typically fall under the services described in the Declaration of Trust, it may earn additional fees at market rates for such services provided and such fees shall be unanimously approved by the Independent Review Committee.

Specifically, the Manager expects it, or one of its Affiliates, will receive consulting fees in the ordinary course of business payable by the underlying real estate project for services that the Manager, or its Affiliates, provide to the real estate project. Such consulting fees will reduce the profit realized by the Trust and may result in reduced investment returns to Unitholders.

If Trez Capital Fund Management Limited Partnership or its Affiliates are removed or terminated as the Manager, pursuant to a Special Resolution, Trez Capital Fund Management Limited Partnership shall continue to be entitled to be paid the Manager's Fees for a period of five (5) years from the date of such termination. Trez Capital Fund Management Limited Partnership's right to continue to be paid the Manager's Fees is in addition to its rights with respect to the Manager Participating Interest, as disclosed below. If Trez Capital Fund Management Limited Partnership resigns as Manager, it will forego its right to be paid the Manager's Fees.

Manager Participating Interest

The Declaration of Trust provides for the issuance of Series Manager Units, one of which was issued to the Manager on the date of first Closing of Units by the Trust. The Series Manager Units represent an equity interests in the Trust and accordingly entitles the Manager to participate in and receive, in aggregate: (i) up to 5% of any distributions made by the Trust to its Unitholders; and (ii) up to 5% of the proceeds of any Redemption amounts paid to Unitholders (the "**Manager Participating Interest**").

The aggregate percentage Manager Participating Interest vested over a period of 35 months following the issuance of the initial Series Manager Unit, and as of August 2024, became fully vested at 5.00%.

Each outstanding Series Manager Unit is entitled to receive the percentage of the Manager Participating Interest which is vested at any given time multiplied by a fraction, the numerator of which is one and the denominator of which is the number of Series Manager Units issued and outstanding at any given time. Accordingly, as long as there is at least one Series Manager Unit issued and outstanding, the Manager will be entitled to receive the Manager Participating Interest as vested at any given time based on the table above. For the avoidance of doubt, in no circumstance will the Series Manager Units, once fully vested, entitle the Manager to participate in and receive, in aggregate, more than 5% of any distributions made by the Trust to its Unitholders or 5% of the proceeds of any Redemption amounts paid to Unitholders. For instance, once the Manager Participating Interest is fully vested after 35 months, if there is only one Series Manager Unit outstanding, the Series Manager Unit would entitle the Manager to 5% of any distributions made by the Trust to Unitholders. However, if there are five Series Manager Units outstanding, each Series Manager Unit would entitle the Manager to 1% of any distributions made by the Trust to Unitholders, and in aggregate 5% of any such distributions made by the Trust.

The Series Manager Units will also be entitled to the number of votes that equates (i) the total percentage voting power of all of the outstanding Series Manager Units based on the aggregate number of Units outstanding from time to time, to (ii) the vested percentage of the Manager Participating Interest at such time. For instance, once the Manager Participating Interest has fully vested after 35 months, if there is one Series Manager Unit outstanding, the number of votes attaching to that Series Manager Unit will be equal to 5% of the total combined voting power of all outstanding Units at any given time. However, if there are five Series Manager Units outstanding, the number of votes attaching to each Series Manager Unit would be equal to 1% of the total combined voting power of all outstanding Units at any given time, and in aggregate 5% of the total combined voting power of all outstanding Units at such time.

The Manager will share in the Taxable Income of the Trust through its Series Manager Units based on the portion of the Manager Participating Interest vested from time to time. Due to the vesting schedule of the Manager Participating Interest at any given point in time, it is possible that the amount of Taxable Income distributed to the Manager at one point in time may be disproportionate to the amount of any cash distributions paid to the Manager by the Trust at a later point in time. For instance, if Taxable Income was distributed to the Manager at one point in time based on the vested portion of the Manager Participating Interest equal to 1.0% and subsequently cash distributions were paid to the Manager six months later, such cash distributions would be based on the vested portion of the Manager Participating Interest at such time equal to 2.0%. Additionally, while the Manager Participating Interest is vesting, the amount of Taxable Income distributed to investors at any given point in time will be based on the vested portion of the Manager Participating Interest at such time, which may be different than the vested portion of the Manager Participating Interest at a later point in time when cash distributions are paid by the Trust to investors. As a result, while the cash distributions paid by the Trust to investors may not equal the Taxable Income in any given year, this amount may be further disproportioned due to the vesting schedule of the Manager Participating Interest.

Through the Series Manager Units, the Manager will receive up to a 5% equity interest in the Trust based on the Net Asset Value of the Trust instead of a traditional carried interest model that allocates a percentage of profits to the Manager over a specified hurdle rate. The Manager believes that an earned equity model of up to 5% more closely aligns the interests of the Manager with that of Unitholders over the long-term than a traditional carried interest model that is more suitable for investment funds with shorter terms or defined investment periods. The Manager believes the earned equity model fully aligns the Manager and Unitholder interests as the Manager directly participates with Unitholders in the risks and rewards of the Investment Portfolio. This prevents the Manager from managing the Investment Portfolio in a way that seeks to maximize the carried interest while potentially taking on an inappropriate level of risk to the Trust. If Trez Capital Fund Management Limited Partnership or its Affiliates are removed or terminated as the Manager, pursuant to a Special Resolution, the Manager Participating Interest shall survive such removal or termination. If Trez Capital Fund Management Limited Partnership resigns as Manager, it will forego the Manager Participating Interest and each Series Manager Unit shall be cancelled.

Reporting to Unitholders

The Trust will furnish to Unitholders such financial statements as are from time to time required by applicable law to be furnished by the Trust, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial or territorial legislation. As required by applicable securities laws, these financial statements and reports will include financial information relating to the Trust. The audited annual financial statements of the Trust will be audited by the Trust's Auditor in accordance with IFRS. The Manager will ensure that the Trust complies with all applicable reporting and administrative requirements.

The Trust has been advised that if any partnership in which the Trust acquires an interest makes an entity classification election under the provisions of the *Internal Revenue Code* of the United States to be taxed as a corporation, none of the partners of the Trust will have any tax filing obligations in the United States under the *Internal Revenue Code*.

No Certificates

An investor who purchases Units will receive a customary confirmation from the registered dealer from or through whom Units are purchased in accordance with the book-based system. No physical paper certificates for Units will be issued.

Liability of Unitholders

The Declaration of Trust provides that it is intended that no Unitholder will be held to have any personal liability as such, and no resort will be had to a Unitholder's private property, for satisfaction of any obligation in respect of or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustee or any obligation in respect of which a Unitholder might otherwise have to indemnify the Trustee for any liability incurred by the Trustee, but rather only the Trust Property is intended to be subject to any levy or execution for satisfaction of any obligation or claim. Because of uncertainties in the law relating to investment trusts such as the Trust, there is a remote risk that a Unitholder could be held personally liable, notwithstanding the foregoing statement in the Declaration of Trust, for obligations in connection with the Trust (to the extent that claims cannot be satisfied by the Trust). It is intended that the Trust's operations be conducted in such a way as to minimize any such risk and, in particular and where practical, to cause every written contract or commitment of the Trust to contain an express statement that liability under such contract or commitment is limited to the value of the assets of the Trust.

Under the *Income Trust Liability Act* (British Columbia), Unitholders are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of the Trustee. This statute has not yet been judicially considered and it is possible that reliance on the statute by a Unitholder could be successfully challenged on jurisdictional or other grounds. Unitholders who are resident in jurisdictions which have not enacted legislation similar to the British Columbia legislation may not be entitled to the protection of the British Columbia legislation. As a general rule, the Manager, when making investments for the Trust, contracts as principal and therefore, subject to contract, the Manager is liable for all obligations incurred in carrying out such investments for the Trust. Legal title to investments will be held in the name of the Trust or a nominee or other entity as determined by the Manager. As well, in conducting its affairs, the Trust has acquired and will be acquiring investments, subject to existing contractual obligations. The Manager will use all reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations become binding upon any of the Unitholders.

However, in cases where the Manager is unable to obtain written agreement that a material obligation assumed by the Trust is not binding upon the Unitholders personally, there is a risk that if the claims made in respect thereof are to be satisfied by the Trust, a Unitholder will be held personally liable for the obligations of the Trust. Such risk is believed by the Manager to be very limited since, as indicated above, the Manager intends to act in all transactions as principal and not as agent for the Trust or the Unitholders.

In case of claims made against the Trust, which do not arise out of contracts, for example, claims for taxes or claims in tort, personal liability may also arise against Unitholders. However, in accordance with prudent real estate practice, the Manager will maintain insurance in respect of the above-mentioned perils and in amounts sufficiently large as to protect the Trust against any foreseeable non-contractual liability. The Manager intends to cause the operations of the Trust to be conducted, with the advice of counsel, in such a way, as far as possible, as to avoid any material risk of liability to Unitholders for claims against the Trust. In the event that a Unitholder should be required to satisfy any obligation of the Trust, such Unitholder will be entitled to reimbursement from any available net assets of the Trust.

Termination of the Trust

The Trust does not have a fixed termination date. However, the Trust may be terminated at any time upon not less than 90 days' written notice by the Trustee provided that the prior approval of Unitholders has been obtained by Special Resolution at a meeting of Unitholders called for that purpose (the "**Termination Date**"); provided, however, that the Manager may, in its discretion, on 60 days' notice to Unitholders, terminate the Trust without the approval of Unitholders if, in the opinion of the Manager:

(a) it would be in the best interests of the Trust and the Unitholders to terminate the Trust;

(b) the Manager determines to terminate the Trust in connection with a Permitted Merger; or

(c) it is no longer economically feasible to continue the Trust.

Upon termination, the Unitholders will be entitled to receive the assets of the Trust which are remaining after payment of all of the debts, liabilities and liquidation expenses of the Trust (including unpaid fees and expenses of the Manager but excluding Manager Participating Interest) and reserves are established for the contingent liabilities of the Trust. The net assets will be distributed on a pro rata and pari passu basis to the Unitholders (including the Series Manager Units, which will be redeemed based on the portion of the Manager Participating Interest vested at such time). Immediately prior to the termination of the Trust, including on the Termination Date, the Trustee will, to the extent possible, convert the assets of the Trust to cash and after paying or making adequate provision for all of the Trust's liabilities, distribute the net assets of the Trust to the Unitholders as soon as practicable after the date of termination or any unliquidated assets may be distributed in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. The Manager may, in its discretion, defer the Termination Date for up to 365 days if the Manager provides written notice of such deferral to the Unitholders at least 30 days prior to the Termination Date and advises the Trust that the Manager deems it important or is unable to convert all of the Trust's assets to cash and that it would be in the best interests of the Unitholders to do so.

The Declaration of Trust will be terminated immediately following the occurrence of a Termination Event. On such termination, the Trust Property will be distributed. Each of the following events is a "Termination Event":

(a) the Manager is, in the opinion of the Board of Governors, in material default of its obligations under the Declaration of Trust and such default continues for 30 days from the date that the Manager receives written notice of such material default from the Board of Governors, unless the Manager is taking steps to remedy such default and such default is remedied within 365 days from the date of such notice and there is no reasonable basis for believing that such default cannot be remedied within such 365 day period;

(b) the Manager has been declared bankrupt or insolvent or has entered into liquidation or winding up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reconstruction);

(c) the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; or

(d) the assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

The Board of Governors

The Declaration of Trust provides that a Board of Governors be appointed for the Trust to consist of at least four members, whose mandate is to identify and establish procedures for resolving situations where there exists a conflict or potential conflict between the interests of the Manager on the one hand and the interests of the Unitholders on the other hand as well as in connection with certain other stated matters such as the Trust's annual audit. The members of the Board of Governors are Steve Mathiesen (Chair), Andrew Huntley (Vice-Chair), Paulina Hiebert, Karen Keilty and Joshua Varghese. While the role of the Board of Governors is generally advisory in nature and it does not involve itself in the day-to-day management of the Trust (see "*Risk Factors – Very Limited Role of the Board of Governors*"), in the most recent two Fiscal Years, the Board of Governors has considered a reasonable number of investments to ensure the Manager had taken commercially reasonable measures to ascertain the fair market value of such investments at the time of transfer.

The members of the Board of Governors receive compensation from the Trust. The members of the Board of Governors also constitute the board of governors of Bison Income Trust II, Trez Capital Prime Trust, Trez Capital Yield Trust US, Trez Capital Yield Trust US (Canadian $) and Trez Capital Yield Trust. The fees paid to the members of the Board of Governors are paid in respect of their services to all of the foregoing trusts. Currently, the Chair of the Board of Governors and Chair of the Independent Review Committee receives a total of $105,000 per annum, the Vice-Chair of the Board of Governors and Chair of the Investment Committee receives a total of $85,000, the Chair of the Audit Committee receives $80,000 and the other Board of Governors members receive $55,000 per annum. The fees are allocated to the funds as a fixed minimum plus a percentage based on their respective total assets. The Board of Governors will from time to time, in respect of the Trust:

(a) identify and establish procedures for resolving situations where there exists a conflict or potential conflict between the interests of the Manager on the one hand and the interests of the Unitholders on the other hand and review any conflicts of interest referred to it by the Manager for review and for both of these purposes an Independent Review Committee has been appointed;

(b) approve every material contract of the Trust referred to it by the Manager for review which may raise a conflict of interest, including any agreement between the Trust and the Trustee or the Manager;

(c) meet with the Manager from time to time, on a not less than quarterly basis, to review the investments made by the Manager on behalf of the Trust, in order to confirm that such investments comply with the investment objectives of the Trust;

(d) review and approve annual financial statements provided to Unitholders and for this purpose an Audit Committee has been appointed;

(e) review compliance by the Trust with its investment policies;

(f) appoint Auditors and fix their remuneration;

(g) approve the giving of indemnities to the Trustee, the Manager or any of their Affiliates, or their respective directors, officers or employees;

(h) receive the resignation of the Trustee and select and appoint a successor trustee; and

(i) provide such other assistance to the Trustee as the Trustee or Unitholders may reasonably request from time to time.

A member of the Board of Governors must, among other things, be independent of both the Manager and the Trustee and their respective Affiliates and shall not be an employee of any of them. Any member of the Board of Governors who has any material interest in a material contract or transaction with the Trust must disclose in writing to the other members of the Board of Governors and to the Manager the nature and extent of their interest and may not vote upon or sign any resolution dealing with such material contract or transaction.

Each member of the Board of Governors and the Independent Review Committee is appointed for a term of not less than one year and not more than three years and will hold office until their successor has been appointed or until their appointment has terminated or such person revokes their consent. The terms of office of members of the Board of Governors may be staggered. In the event of the death, removal, resignation, bankruptcy or other incapacity of a member of the Board of Governors, the Board of Governors will fill a vacancy on the Board of Governors as soon as practicable. A member of the Board of Governors whose term has expired, or will soon expire, may be reappointed by the members of the Board of Governors. A member of the Board of Governors may not be reappointed for a term or terms of office that, if served, would result in the member serving on the Independent Review Committee for longer than six years, unless the Manager agrees to the reappointment.

The nature and extent of the experience of the members of the Board of Governors and their principal occupations are as follows:

Steve Mathiesen was a corporate and securities lawyer for more than 30 years and is now a corporate director. Until 2011, he was a partner at the national law firm, McMillan LLP, focusing on mergers and acquisitions, financings, and corporate matters. He is currently on the board of several private and public companies. He holds an LL.B from the University of British Columbia, a BA in Economics and Commerce from Simon Fraser University, the ICD.D designation from the Institute of Corporate Directors and is a retired member of the Law Society of BC.

Andrew Huntley has spent the bulk of his 35 year career involved in commercial real estate finance. He retired from AIMCo in 2015 as SVP Mortgage Investments having been responsible for a commercial Mortgage portfolio in excess of $3 billion. He has negotiated complex transactions in all sectors and throughout North America and Western Europe. Prior to AIMCo, Mr. Huntley was a partner with the Toronto based Murray & Company. He has extensive community Board experience including Chairing the Board of Northlands in Edmonton. He holds a BSc. from the University of Alberta; an MBA from the Ivey School of Business at the University of Western Ontario and the ICD.D designation.

Paulina Hiebert was a legal and finance executive in the retail and financial services sectors for over 35 years where she obtained extensive experience with capital markets, corporate finance, public income funds, private debt and equity, corporate governance and international expansion.

Ms. Hiebert is currently the Vice Chair of the Board of Directors and Chair of the Governance and Human Resources Committee of the Alberta Credit Union Deposit Guarantee Corporation (provincial regulator for Credit Unions in Alberta), and a Trustee and Chair of the Governance, Nominating and Compensation Committee of the Boston Pizza Royalties Income Fund. Ms. Hiebert holds a B.Comm and LL.B (with Distinction) from the University of Saskatchewan and an MBA (with Distinction) from the Ivey School of Business at the University of Western Ontario. She is a member of the Law Societies of Alberta (practicing) and Manitoba (non-practicing).

Karen Keilty has over 30 years of experience in audit and advisory services. Prior to her retirement from Deloitte, she was the Leader and Director of Operations for Deloitte's audit practice in British Columbia. Ms. Keilty was the trusted advisor and lead audit partner for many leading Canadian and global private and public companies in a variety of industries including technology and telecom, construction, real estate development and consumer business. Ms. Keilty is on the board of Providence Health Care, a commissioner for the British Columbia Securities Commission, a member of the Audit Advisory Committee for the Public Guardian and Trustee of British Columbia, and has served on the British Columbia Utilities Commission and the City of Vancouver's Auditor General Committee. She is also a past director and chair of the audit and compliance committees of Great Canadian Gaming Corp. Ms. Keilty holds FCPA, FCA, U.S. CPA (Illinois) and ICD.D designations.

Joshua Varghese co-founded his former company, Axia Real Assets, in 2021 in partnership with CI Financial and focused on private market real estate investments on behalf of global investors. He previously managed approximately $5 billion in global REITs, including Canada's largest REIT fund, and was co-lead portfolio manager on a global diversified income mandate totalling approximately $10 billion during his 15-year tenure at CI Global Asset Management.

Mr. Varghese's accolades as a portfolio manager include the Lipper Fund Awards, Fundata Awards and the Brendan Woods Award for Top Gun Investment Minds from 2018 to 2021. His experience spans across most real estate subsectors and global geographies, and he has been heavily involved in corporate structuring activities such as mergers and acquisitions (M&A), initial public offerings (IPOs), and privatizations. Mr. Varghese has worked closely with boards and executive management teams throughout his career, continuously advocating on behalf of investors and stakeholders. Mr. Varghese holds a Bachelor of International Business, Commerce, from Carleton University and a Chartered Financial Analyst designation (CFA).

The Audit Committee

The Declaration of Trust provides that the Manager will appoint an Audit Committee consisting of a minimum of three persons, whose mandate is to meet with the Auditors and review and recommend approval of financial statements sent to Unitholders. The members of the Audit Committee are: Karen Keilty (Chair), Steve Mathiesen, Andrew Huntley, Paulina Hiebert and Joshua Varghese.

The Investment Committee

The Declaration of Trust provides that the Manager will appoint an Investment Committee consisting of at least two persons, whose mandate is to meet with the Manager from time to time, on a not less than quarterly basis, to review the investments made by the Manager on behalf of the Trust, in order to confirm that such investments comply with the investment objective and investment policies of the Trust. The members of the Investment Committee are: Andrew Huntley (Chair), Steve Mathiesen, Paulina Hiebert, Karen Keilty and Joshua Varghese.

The Independent Review Committee

The Declaration of Trust provides that the Manager will appoint an Independent Review Committee. The Independent Review Committee has been established to review situations where a reasonable person would consider the Manager or an entity related to the Manager, to have an interest that may conflict with the Manager's ability to act in good faith and in the best interests of the Trust. The members of the Independent Review Committee are: Steve Mathiesen (Chair), Andrew Huntley, Paulina Hiebert, Karen Keilty and Joshua Varghese.

The Independent Review Committee will:

(a) review and provide input to the Manager with respect to the written policies and procedures of the Manager related to conflict of interest matters, including determinations of fair market value of investments with related entities;

(b) review and approve every conflict of interest matter referred to it by the Manager for review; and

(c) perform any other function required by applicable securities legislation.

Members of the Independent Review Committee are not compensated separately for their participation on this committee. They are compensated as members of the Board of Governors. See "*The Trust's Business – The Board of Governors*".

RELATED PARTY TRANSACTIONS

In the case of Equity Investments, valuations prepared by independent third-party appraisers are utilized by the Manager to assess an appropriate transfer price between related parties. This analysis is reviewed by the Independent Review Committee to ensure the Manager has taken commercially reasonable measures in order to ascertain the fair market value of such investments at the time of transfer.

The following table details purchase and sale transactions between the issuer and a related party that do not relate to real property, since December 31, 2023:

Description of business or asset	**Date of transfer**	**Legal name of seller**	**Legal name of buyer**	**Amount and form of consideration exchanged in connection with transfer**
n/a	n/a	n/a	n/a	n/a

Related-Party Investment Portfolio Transaction

In October 2024, the Manager and the Trust entered into a Term Promissory Note agreement granting a $7,100,000 short-term loan from the Manager to the Trust. Loan proceeds were primarily used by the Trust to fund its U.S. currency hedging program, the cash requirements for which increased in Q4 of 2024 as the U.S. dollar appreciated to a five-year high relative to the Canadian dollar. The loan's interest rate was set at RBC Prime plus 1.0%, and the actual interest rate charged ranged from 6.45% to 7.45%. From October 17, 2024 to December 22, 2024, the Manager advanced $7,100,000 to the Trust, and the Trust paid the full amount (plus $38,022 in accrued interest) back to the Manager on December 31, 2024. Proceeds used to repay the loan were generated by the closing of a senior preferred equity tranche into one of the Trust's portfolio investments. This senior preferred equity instrument yields a fixed 13.0% rate of return which the Manager has confirmed is consistent with current market yields for similar instruments.

INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

Compensation of Key Management Personnel

Other than fees paid to the members of the Board of Governors, as described in the section entitled "*The Board of Governors*", the Trust does not pay any compensation directly to any directors or officers. For details on Management Fee paid to the Manager, please refer to the section entitled "*The Trust's Business – Material Agreements – Declaration of Trust – Manager's Fees*" and the notes to the financial statements of the Trust.

The directors and officers of the general partner of the Manager and its Affiliate may participate in future Offerings and acquire Units. As of January 1, 2025, the directors and senior officers of Trez Capital Fund Management Limited Partnership, own or control, directly or indirectly, 1.5% of the issued and outstanding Units.

Management's Experience

Directors and Officers

The name and municipality of residence of each of the directors and senior officers of the general partner of the Manager, the office held by them and principal occupation in the last five years are as follows:

Name and Municipality	Office	Principal Occupation	Year First Became a Director/Officer(1)
John Maragliano, CPA, CA, CFA Anmore, B.C.	Co-Chief Executive Officer, Chief Financial Officer and Director	Business Executive	2021
Morley Greene, B.A., LLB Vancouver, B.C.	Director	Business Executive	1997
Christian Skogen, B.A., MBA North Vancouver, B.C.	Chief Investment Officer	Business Executive	2021
Keiju Yamasaki, BBA, MBA Vancouver, B.C.	Chief Credit Officer	Business Executive	2021

(1) Refers to the date the individual first became a director or officer of Trez Capital Corporation.

Each director is appointed for a one-year term, with their term of office to expire at the next annual general meeting of the shareholders of the general partner of the Manager.

The following discloses the principal occupations of the directors and officers of the Trustee and the Manager over the past five years.

Principal Occupations and Biographies

John Maragliano is Co-Chief Executive Officer, Chief Financial Officer of the general partner of the Manager and the Trustee. Mr. Maragliano joined Trez in February, 2021 and was also added as Chief Operating Officer in May 2023. Mr. Maragliano has over 25 years of experience in the financial services industry, with a focus on banking, insurance, wealth management, and fintech. His extensive background includes financial and management reporting, treasury management, capital and liquidity management, M&A transactions, and capital raising. Prior to joining Trez, Mr. Maragliano was the Chief Financial Officer at SNAP Financial Group where he was responsible for financial relationships with bankers and investors, developing and managing SNAP's finance and capital strategies while overseeing financing/securitizations, accounting, and reporting functions. Previous to SNAP, Mr. Maragliano was the Executive Vice President and Group Chief Financial Officer at Butterfield Bank, a publicly owned bank with 1,200 employees, $10 billion in assets and $80 billion in off balance sheet assets under administration in six jurisdictions. Mr. Maragliano was the Chair of the Group Asset and Liability Management Committee, member of the Group Technology Committee, oversaw investor and rating agency relations as well as the global finance function. Mr. Maragliano is a Chartered Accountant (CA, CPA) and holds a Chartered Financial Analyst designation (CFA).

Morley Greene is a director of the general partner of the Manager and the Trustee. Prior to that, he had been Chairman and President of Trez Capital Corporation since May 30, 2009. Prior to that, he had been President and Chief Executive Officer of Trez Capital Corporation since August 1997. For approximately two years prior to establishing the Mortgage Broker, Mr. Greene acted as counsel to Samoth Capital Corporation (now called Sterling Centrecorp), a company listed on The Toronto Stock Exchange. From September 1991 to 1995, Mr. Greene was in private law practice.

Christian Skogen is Chief Investment Officer of the general partner of the Manager and the Trustee. Mr. Skogen joined Trez in February, 2021. Mr. Skogen has more than 20 years of diverse commercial lending experience, with in-depth knowledge in credit structuring, risk and portfolio management. He has spent 15 years at Bank of Montreal

(BMO) in a variety of progressively senior commercial banking and credit risk management roles, including Head of Credit Structuring and Portfolio Management, Commercial Banking where he had credit risk oversight and defined the risk appetite for an $80-billion commercial portfolio, including $20-billion in commercial real estate. Other notable posts at BMO include: Head of Syndications, Head of Commercial Credit Western Canada and National Director for Special Account Management Unit. Mr. Skogen holds an Honors B.A. in Economics from the University of Toronto, and an MBA from the Richard Ivey School of Business.

Keiju Yamasaki is Chief Credit Officer of the general partner of the Manager and the Trustee. Mr. Yamasaki joined Trez in July, 2021. Mr. Yamasaki has more than 16 years of commercial banking experience with a deep knowledge in complex credit structuring, portfolio and relationship management. Throughout his career, he has managed a wide variety of loan structures, including various real estate financing including construction, auto dealership, sponsorship finance, project financing, M&A and syndicated financing. Mr. Yamasaki began his career with Hongkong and Shanghai Banking Corporation (HSBC), managing increasingly complex commercial portfolios. Prior to joining Trez he was at a major Canadian bank in the Corporate Finance Group, focusing on managing and originating complex senior debt financing for larger diversified industries clients. Most recently, Mr. Yamasaki held the position of Managing Director and Team Lead, where he directly managed a team of portfolio managers and associates managing approximately $4 billion in loan authorizations. Mr. Yamasaki holds a MBA in Consulting & Strategic Management from the Sauder School of Business at the University of British Columbia and a Bachelor of Business Administration (BBA) in Finance & International Business from Simon Fraser University.

Penalties, Sanctions and Bankruptcy

Other than as disclosed in this Offering Memorandum, no penalty or sanction has been in effect during the last 10 years relating to a contravention of securities legislation, nor has any cease trade order been in effect for a period of more than 30 consecutive days during the past 10 years against any of the directors, executive officers or control persons of the Trust, or any other issuer with which they have acted as director, executive officer or control person.

Conflicts of Interest and Interest of Management and Others in Material Transactions

General

Purchasers of the Units will be required to rely upon the judgment, honesty and good faith of the Manager. Persons who are not willing to rely thereon should not purchase any of the Units offered hereby.

An Independent Review Committee has been established for the Trust. The mandate of the Independent Review Committee is to consider, and to recommend or approve, the Manager's proposed course of action in response to conflict of interest matters that are referred to it by the Manager. The Independent Review Committee has adopted a written charter that prescribes its mandate, its responsibilities and functions and the policies and procedures that govern its activities. A conflict of interest matter is any situation where a reasonable person would consider the Manager, or any person related to the Manager, to have an interest that may conflict with the Manager's ability to act in good faith in the best interests of the Trust. See "*The Trust's Business – Material Agreements – Declaration of Trust*" for a description of the members of the Independent Review Committee.

Although the Independent Review Committee is required to review the same (see "*The Trust's Business – The Board of Governors*"), there may be situations in which the individual interests of the Manager may conflict with those of the Trust or its Unitholders. The Manager will make any decision involving the Trust or the Unitholders in accordance with its duty to deal honestly and in good faith.

The Manager or its Affiliates may also earn brokerage fees from certain investments.

Other Competing Activities of the Manager and its Affiliates

The Manager is not in any way limited or affected in its ability to carry on business ventures for its own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Trust. In addition, the Manager and its Affiliates have established and may establish in the future other trusts or other investment vehicles which have or may have Investment Objectives that are the same as or similar to those of the Trust and to act as adviser and/or Manager to such Trusts. However, the Declaration of Trust includes a covenant of the Manager to exercise its powers in good faith and in the best interests of the Trust, and in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent manager would exercise in comparable circumstances.

In some instances, other entities managed by the Manager may participate as co-investors with the Trust in an investment. These other entities managed by the Manager may rank in a priority, pari passu or subordinate position to the Trust. Co-investments with other entities managed by the Manager may include the Equity Investments made by the Trust. In respect of co-investments in Equity Investments, the Trust will generally participate in a subordinate, or common equity, position and the other investment entities managed by the Manager will generally participate in a senior, or as a preferred equity, position. Such co-investments may create conflicts of interest.

CAPITAL STRUCTURE

Unit Capital

The following table sets out information about the outstanding securities of the Trust:

Description of security	**Number authorized to be issued**	**Price per security**	**Number outstanding as at January 31, 2025**
Series A Units	Unlimited	$109.32-$120.90	59,177
Series F Units	Unlimited	$100.00-$121.97	686,535
Series I Units	Unlimited	$100.00-$121.97	644,687
Series Manager Units	Unlimited	$100.00	1

Long Term Debt Securities

The Trust currently has no long-term debt securities outstanding.

Prior Sales and Redemptions

Pursuant to prior offerings, the following Units were sold for the 12-month period ending January 31, 2025:

Description of Security	**Number of Securities Issued**	**Price per Security**	**Total Funds Received**
Series A Units	402	$114.80 - $115.72	$46,399
Series F Units	105,474	$114.34 - $119.03	$12,426,398
Series I Units	32,552	$114.34 - $119.03	$3,831,656
Total			$16,304,454

Pursuant to prior offerings, the following Units were redeemed for the two most recent financial years:

Description of security	Date of end of	Number of securities with outstanding	Number of securities for which investors	Number of securities repurchased	Average price paid for the	Source of funds used to	Number of securities with outstanding

	financial year	repurchase requests on the first day of the year	made repurchase requests during the year	during the year	repurchased securities	complete the repurchases	repurchase requests on the last day of the year
Series A Units	December 31, 2024	-	243	243	$115.86	Subscriptions	-
Series F Units	December 31, 2024	319	55,424	54,270	$117.69	Subscriptions	1,474
Series I Units	December 31, 2024	2,569	3,269	5,838	$115.71	Subscriptions	-
Series A Units	December 31, 2023	-	-	-	-	-	-
Series F Units	December 31, 2023	463	11,483	11,627	$118.72	Subscriptions	319
Series I Units	December 31, 2023	-	3,239	670	$117.96	Subscriptions	2,569

Pursuant to prior offerings, the following Units were redeemed for the period after December 31, 2023 up to January 1, 2025:

Description of security	Beginning and end dates of the period	Number of securities with outstanding repurchase requests on the first day of the period	Number of securities for which investors made repurchase requests during the period	Number of securities repurchased during the period	Average price paid for the securities repurchased	Source of funds used to complete the repurchases	Number of securities with outstanding repurchase requests on the last day of the period
Series A Units	December 31, 2023 – January 1, 2025	-	-	-	-	-	-
Series F Units	December 31, 2023 – January 1, 2025	1,474	-	1,474	$114.34	Subscriptions	-
Series I Units	December 31, 2023 – January 1, 2025	-	-	-	-	Subscriptions	-

SECURITIES OFFERED

Terms of Securities

Investments in the Trust are represented by Units. The Trust is permitted to have an unlimited number of Series of a single class of Units (other than the Series Manager Units), having such terms and conditions as the Manager may determine. The value of each Unit of a Series represents an undivided beneficial interest in the net assets of the Trust which are attributable to such Series. The Manager, in its discretion, determines the number of Series of Units and establishes the attributes of each Series, including investor eligibility, the designation and currency of each Series, Closing dates and offering price for the first issuance of Units of the Series, any minimum initial or subsequent investment thresholds, any minimum Redemption amounts or minimum account balances, fees and expenses of the Series, sales or Redemption charges payable in respect of the Series, Redemption rights, convertibility among Series, the assets or investments of the Trust which will be attributable to the Units of the Series and any additional Series specific attributes.

The Trust may issue additional Units from time to time. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued are first offered to existing Unitholders. The price or the value of the consideration for which Units may be issued will be determined by the Manager.

Each Unit of a Series entitles the holder to the same rights and potential liabilities as a holder of any other Unit of such Series and no Unitholder of a Series is entitled to any privilege, priority or preference in relation to any other Unitholders of such Series. Each Unitholder is entitled to one vote for each Unit held, except for the Series Manager Units, which entitle the Manager to the number of votes that equates (i) the total percentage voting power of all of the outstanding Series Manager Units based on the aggregate number of Units outstanding from time to time, to (ii) the vested percentage of the Manager Participating Interest at such time.

Subject to an adjustment in a Unitholder's Proportionate Share as a result of the date of first issue of such Unit in its first Fiscal Year, a Unitholder is entitled to participate equally with respect to any and all distributions made by the Trust in respect of such Series.

Upon termination, the Unitholders will be entitled to receive only the assets of the Trust which are remaining after payment of all of the debts, liabilities and liquidation expenses of the Trust (excluding Manager Participating Interest) and reserves are established for the contingent liabilities of the Trust. The net assets of such Series will be distributed on a pro rata and pari passu basis to the Unitholders. See "*The Trust's Business – Material Agreements – Termination of the Trust*".

Series

The Manager may create one or more new Series without Unitholder approval (provided same are within the Investment Objectives set out in the Declaration of Trust). Before the issue of a new Series, the Manager will amend the Declaration of Trust creating the new Series and the terms and Investment Objectives relating thereto. Any new Series created by the Manager shall:

(a) be designated by letters or letters and numbers; and

(b) have Series' rights (including the rights or restrictions on the rights of Redemption) established by the Manager.

No Series may have priority over any other Series, provided that the calculation of distributions and the Redemption Price for each Series may differ.

The Trust is authorized to issue an unlimited number of Units of beneficial interest in Series, each Unit of a particular Series represents an equal, undivided interest in the net assets of the Trust attributable to such Series. The Trust is currently authorized to issue Series A Units, Series F Units and Series I Units.

Series A Units, Series F Units and Series I Units of the Trust are offered under this Offering Memorandum and have the following characteristics:

Series A Units are designed for investors who are not eligible to purchase Series F Units. The Net Asset Value of the Series A Units will be calculated by the Manager in accordance with the Declaration of Trust. The Manager will pay the Trailer Fee to the registered dealers in respect of the Series A Units.

Series F Units are designed for investors who are enrolled in a dealer sponsored fee-for-service or wrap program and who are subject to an annual asset based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. The Net Asset Value of the Series F Units will be calculated by the Manager in accordance with the Declaration of Trust.

Series I Units are generally only available to investors who make large investments in the Trust. The Net Asset Value of the Series I Units will be calculated by the Manager in accordance with the Declaration of Trust.

To be eligible to purchase Series I Units, the investor must enter into an agreement with the Manager. This agreement will set out, among other things, the amount to be invested as well as the applicable Series I Management Fee. The Series I Management Fee will be calculated on the basis of the aggregate Management Fees paid to the Manager by the Trust less a discount (to be determined by the Manager) on the pro rata portion of such fees attributable to the Series I Units, which discount may, to the extent applicable, be achieved by way of rebates paid back to holders of Series I Units and settled through a cash distribution or the issuance of additional Series I Units to such Unitholders at a deemed price equal to the Net Asset Value per Series I Unit at the time of such rebate. If the investor did not qualify to hold Series I Units when the investor originally purchased them, or is no longer eligible to hold Series I Units, the dealer must tell the Manager to switch the investor's Units into the corresponding Series A or Series F Units of the Trust. The Manager also retains the right, at its sole discretion, to redeem or switch the Series I Units into the corresponding Series A or Series F Units of the Trust if the Manager determines that the investor is not eligible to hold Series I Units of the Trust.

All Units are entitled to participate pro rata: (i) in any regular payments or distributions made by the Trust to the Unitholders; and (ii) upon liquidation of the Trust, in any distributions to Unitholders of the same Series of net assets of the Trust remaining after satisfaction of all of the debts, liabilities and liquidation expenses of the Trust. See "*The Trust's Business – Material Agreements – Termination of the Trust*".

Outstanding Units of any Series may be subdivided or consolidated in the Manager's discretion. The Manager may re-designate Units of a Series as Units of any other Series.

Hedging

The Trust may invest in U.S. dollar denominated investments. In order to mitigate the adverse effects of currency exchange fluctuations, the Trust may undertake currency hedging transactions. U.S. dollar denominated investments are typically hedged by way of forward foreign exchange swaps with maturities of approximately one month, or such other term determined by the Manager for the maximum benefit of Unitholders. There are costs relating to entering into such hedging transactions, which include the interest rate differential between the Canadian and U.S. interest rates. These costs are borne by the Trust.

The cost of hedging is allocated to all Series. Any margin calls required to support the open hedging contracts will be made through the cash flows of the Trust and will not be advanced directly from Unitholders.

Early Investor Feature

Under the initial offering of the Trust, there was an early investor feature under which the first $45,000,000 of Units (based on the aggregate Subscription Price) which were sold by the Trust prior to November 30, 2021, will have no Management Fee charged to those Units for a period of one year from September 1, 2021. This Early Investor Feature was offered in recognition of the initial investor's investment at the early stages of the Trust. To the extent applicable, the eliminated Management Fee may be achieved by way of rebates paid to applicable Unitholders settled through the issuance of additional Units of the applicable Series to the Unitholder at a deemed price equal to the Net Asset Value of the applicable Series of Unit at the time of the rebate. The Management Fee applicable to the Series F Units and Series I Units that qualify for the Early Investor Feature will not be payable until one year after the first issuance of any Units. After the initial one year period, the Management Fee paid in respect of Series F Units or Series I Units subject to the Early Investor Feature will be the same as any other Series F Unit or Series I Unit, as applicable.

Transfer of Units

Units are transferable, subject to the Manager's discretion to allow any such transfer and compliance with applicable laws, including any applicable securities laws. Units are also transferable by operation of law (such as the death or bankruptcy of a Unitholder). Securities laws will restrict, and may prohibit, transfer of Units. A Unitholder holder may also dispose of Units by having them redeemed.

No transfer of Units will be effective or recognized by the Registrar and Transfer Agent of the Trust unless and until a transfer form in the form prescribed in the Declaration of Trust has been duly completed and signed by the Unitholder, as transferor, and by the transferee and delivered to the Registrar and Transfer Agent. The transferee, by executing the transfer form: (i) acknowledges that they agree to be bound by the terms of the Declaration of Trust and is liable for all obligations of a Unitholder; (ii) makes certain representations and warranties that the transferee is not a "non-resident" for purposes of the Tax Act and is not a "non-Canadian" for purposes of the *Investment Canada Act* and that the transferee will maintain such status during such time as Units are held by the transferee; and (iii) irrevocably ratifies and confirms the power of attorney given to the Manager pursuant to the transfer form. Pursuant to the provisions of the Declaration of Trust, when the transferee has been registered as a Unitholder, the transferee will be subject to the obligations and entitled to the rights of a Unitholder thereunder.

Liquidity

There is no market through which the Units may be sold. No market is expected to develop. Investors may find it difficult or impossible to sell their Units. However, Unitholders may exercise their right of Redemption. See "*Securities Offered – Unitholder's Right to Redeem*". There are no assurances, however, that funds will be available to permit the Manager to honour requests for Redemption.

Consolidation and Subdivision

Units may be consolidated or subdivided by the Trustee at the direction of the Manager.

Unitholder's Right to Redeem

Units may be surrendered to the Manager by entering a request for Redemption, which may be entered on the FundSERV network where Units were purchased through that network.

Subject to the reduced Redemption Price during the first two years after issuance of each Unit, the cash cap on Redemptions and the Manager's ability to restrict and suspend Redemptions, each as described below, a Unitholder is entitled to, at any time, or from time to time, redeem all or any of the Unitholder's Units in increments of not less than $5,000, by giving 30 days' written notice to the Manager, which notice shall be irrevocable and shall contain a clear request that a specified number of Units be redeemed or the dollar amount which the Unitholder requires to be paid. If a Unitholder, after Redemption, holds Units with a value of less than $5,000 the Unitholder must redeem all of their investment. The Manager may, in its absolute discretion, redeem the Units of the Unitholder if such Units have a value of less than $5,000. The form of notice may be obtained from the Manager. Payment will be made using the FundSERV network where Units were purchased through that network.

Redemptions of Units that occur within two years after issuance of such Units will be redeemed at a reduced Redemption Price, as follows

Timing of Redemption of Units	**Redemption Price**
within the first year after subscription	90% of the Redemption Price
within the second year after subscription	95% of the Redemption Price

Distribution Reinvestment Plan

The Trust has not adopted a DRIP. The Manager, in its sole discretion, may at a future date have the Trust adopt a DRIP for Unitholders in respect of their Units.

Suspension of Redemptions

In extraordinary circumstances, for a period of not more than 12 months, subject to compliance with applicable securities laws, the Manager may suspend the Redemption of Units, or postpone the day of payment or right of Redemption, for or during any period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust, impair the ability of the Manager to determine the value of the assets held by the Trust, or risk having an adverse impact on the Trust as a whole. Any such suspension shall take effect at such time as the Manager specifies and thereafter there shall be no Redemption of Units until the Manager declares the suspension at an end. The Manager will be required to consider at least quarterly whether the continued suspension is in the best interests of the Trust and the Unitholders. If the Manager continues to be of the view that conditions exist which render impractical the sale of the assets of the Trust, impair the ability of the Manager to determine the value of the assets held by the Trust, or risk having an adverse impact on the Trust as a whole, the Manager will have the right to terminate the Trust and provide for the orderly liquidation of Trust Property. The Manager must take steps over a 365 day period following the original suspension period in order to create a plan for the orderly liquidation of Trust Property. There shall be no Redemption of Units during the liquidation period.

The suspension may apply to all requests for Redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests will be advised by the Manager of the suspension and that the Redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders will have and will be advised that they have the right to withdraw their requests for Redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Trustee or Manager will be conclusive.

Redemptions will be processed by the Trust on a monthly basis, as determined by the Manager in its discretion. In any given month, the Trust will not be obligated to make cash Redemptions of Units that exceed the following thresholds: (i) in a calendar month (when calculated in aggregate with all Units which are subject to valid Redemption requests received from Unitholders and which are redeemable in such calendar month), 1% of the total outstanding Units at the at the end of such calendar month, and (ii) for any consecutive period of three calendar months (when calculated, in aggregate, with all other Units either previously redeemed during such three month period, or which are subject to valid Redemption requests received from Unitholders and which are redeemable during such period), 1.25% of the total outstanding Units at the end of such calendar month. Additionally, in any given calendar month, if the Trust receives valid Redemption requests which, in the aggregate, exceed any of the foregoing thresholds, then the Trust shall advise the applicable Unitholders in writing that all or a portion of the Redemption Price payable in respect of the Units tendered for Redemption on the applicable Redemption date shall be paid by the Trust issuing Redemption Notes to such Unitholders. Cash Redemptions shall by paid to Unitholders on a pro rata basis, only in respect of such number of Units which, in aggregate, do not exceed such thresholds, with the balance to be paid by the Trust issuing Redemption Notes. The Manager in its discretion may increase the allowable Redemption thresholds.

Unitholders may revoke the Redemption request if the Manager advises that the Redemption proceeds will be satisfied, in whole or in part, with Redemption Notes. The Unitholder may revoke (or amend) the Redemption request attributable to the Redemptions proceeds that will be satisfied in Redemption Notes while still receiving the portion of Redemption proceeds that are payable in cash, if any.

Redemption Notes

The Redemption Price for Units may not be paid in cash in certain circumstances but instead may be paid through the issue of Redemption Notes by the Trust. Redemption Notes issued by the Trust will be unsecured debt obligations of the Trust and may be subordinated to other financing obtained by the Trust. Any Redemption Notes issued by the

Trust will be an unsecured subordinated promissory note of the Trust having a maturity date of five years or less and an interest rate, which shall be set at the time of issuance by the Trustee based on the yield of a 5-year U.S. Treasury Note on the applicable Redemption date. Interest accrued pursuant to the Redemption Notes shall be payable each year during the term with all principal being due on maturity. Interest shall be payable in cash or at the option of the Trustee, in additional Redemption Notes. The Trustee shall use reasonable commercial efforts to pay amounts in cash.

The terms of the Redemption Note shall provide that the Trust has the ability at any time to prepay all or any part of the outstanding principal without notice or bonus. If the Trust issues Redemption Notes, each Redemption Note shall be in the principal amount of $10.00 or such other amount as may be determined by the Trustee. Where the principal amount of such Redemption Notes includes a multiple less than $10.00, that principal amount shall be rounded up to the next multiple of $10.00.

The Trust will create a sinking fund for interest payable with respect to Redemption Notes issued by the Trust. Notwithstanding the foregoing, circumstances may arise resulting in the Trust not having funds available to pay on maturity the principal balance and accrued unpaid interest under any Redemption Notes issued. Additionally, the Trust may still make distributions to Unitholders while there are amounts of interest and/or principal outstanding with respect to any Redemption Notes issued. Redemption Notes, if issued by the Trust, may, in certain circumstances, have priority over Units in the event of the liquidation of the assets of the Trust. There are various considerations with respect to creditor rights and bankruptcy law that will need to be considered both at the time Redemptions Notes are issued and at the time of any liquidation of the assets of the Trust in order to determine if such a priority exists.

To date the Trust has not issued any Redemption Notes and all Redemption requests have been satisfied in cash.

Unitholders should note that Redemption Notes will not be a qualified investment for tax-exempt Subscribers. See "*Certain Canadian Federal Income Tax Considerations – Status of the Trust*" and "*Taxation of Unitholders*".

Monthly Distributions

The Trust will make a distribution of Distributable Cash, if any, to Unitholders of record at each calendar month end. The Manager will distribute an amount of Distributable Cash it deems appropriate. Such distributions will be payable in arrears by the 30th day following the month to which the distribution relates.

Unitholders who redeem their Units prior to a month end will not participate in distributions for that month in respect of the Units that they redeemed prior to the end of the month.

A Unitholder holding a Unit will only be entitled to a Proportionate Share based on the proportion that the number of days between the date of the first issuance of such Unit, if such Unit is issued during the month, and the last day of the month bears to the total number of days in such month. Subscribers of Units who do not hold such Units throughout a month will receive reduced distributions in respect of such month based on the number of the days in the month that the Units were held.

The distribution to be made in respect of the December 31 year end (the "**Final Year End Distribution**") will equal at least 100% of the Trust's Taxable Income, less non-capital losses and foreign tax credits incurred in the year or prior years and carried forward, if any.

The Final Year End Distribution will be made in two payments. The first payment for the Final Year End Distribution will be made by the 30th day following the year end in an amount determined in the same manner as the month end distributions. The second payment, if any, for the Final Year End Distribution will be paid in arrears not later than March 30 following the year end in an amount equal to any amount payable in excess of the distributions previously paid. Pursuant to the terms of the Declaration of Trust, the Manager will determine that Unitholders of record on December 31 of each year shall be entitled to the Final Year End Distribution.

Distributions by the Trust will generally be paid in cash. To the extent the Trust has Taxable Income and there is insufficient cash to fully distribute this Taxable Income, the Trust may make a distribution of Units. Such a distribution may be immediately followed by a Unit consolidation, so that immediately thereafter, a Unitholder's number of Units and Net Asset Value per Unit are unchanged. Distributions in the form of Units may subject investors to a tax liability without the corresponding cash to pay that liability. The Trust has not adopted a DRIP. The Manager, in its sole discretion, may at a future date have the Trust should adopt a DRIP for Unitholders in respect of their Units.

The Series Manager Units will entitle the Manager to up to 5% of any distributions determined by the Trust to be attributable to Unitholders and up to 5% of the proceeds calculated based on Redemption amounts paid to Unitholders. To the extent the Trust has Taxable Income and there is insufficient cash to fully distribute the Manager's portion of Taxable Income, the Trust may make a distribution of Series Manager Units to the Manager. Such a distribution may be immediately followed by a Unit consolidation, so that immediately thereafter, the Manager only holds one Series Manager Unit and Net Asset Value per Unit is unchanged. See "*The Trust's Business – Material Agreements – Manager Participating Interest*".

The Manager will be paid the Management Fee on a monthly basis, at the same time that distributions (if any) are made to Unitholders. The Acquisition Fee will be paid at the time the Trust or Sub-trust closes the acquisition of a property and/or the commitment to an investment. The Exit Fee will be paid at the time the Trust or Sub-trust close the disposition of a property. The Manager Participating Interest will be satisfied by issuing the Manager Series Manager Units, which will entitle the Manager to the distributions noted above.

To the extent distributions are calculated in respect of a period and payable at the end of such period, if for any reason, including the termination of the Trust, such period is not completed or such amounts are no longer payable, then the distribution will be pro-rated to the end of the shortened period and be payable at the end of such shortened period.

Redemption at the Demand of the Manager

At no time may Non-Residents be the beneficial owners of more than 40% of the Units (on a number of Units or on a fair market value basis), and the Manager shall inform the Registrar and Transfer Agent of the Trust of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on a number of Units or on a fair market value basis) are, or may be, Non-Residents, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that 40% of the Units (on a number of Units or on a fair market value basis) are beneficially held by Non-Residents, or that such a situation is imminent, the Manager may send a notice to such Non-Resident Unitholders, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to dispose of their Units within a specified period of not less than 30 days. If the Unitholders receiving such notice have not disposed of the specified number of Units or provided the Manager with satisfactory evidence that they are not Non-Residents within such period, the Manager may, on behalf of such Unitholders, redeem such Units at the Redemption Price and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such Redemption, the affected holders will cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of Redemption of such Units.

Allocation of Net Income or Loss to Units

The net income or loss of the Trust for each Fiscal Year attributable to the Units shall be allocated to the Unitholders in a manner consistent with the distribution provisions as set out in the Declaration of Trust and as outlined in the Distribution Policy of the Trust. In so allocating the net income or loss, the Manager shall act reasonably and fairly, taking into account the amount and timing of actual and anticipated distributions to each of the Unitholders (including the Manager), with a view to ensuring that, over the term of the Trust, each Unitholder is allocated a portion of the Trust's net income that substantially corresponds to the income that is distributed to that Unitholder. See "*Certain Canadian Federal Income Tax Considerations*". The Trust cannot allocate or make available any losses to its Unitholders.

Computation of Income or Loss for Tax Purposes

The Manager shall have the right, in computing the Taxable Income or Taxable Loss of the Trust, to adopt a different method of accounting than required by IFRS, to adopt different treatments of particular items and to make and revoke such elections on behalf of the Trust and the Unitholders as the Manager deems to be appropriate in order to reflect the terms of the Declaration of Trust provided that the same method or treatment shall be adopted and the same elections shall be made and revoked in respect of all Unitholders (or in respect of all Unitholders in a certain Series if certain methods or elections are relevant only to a certain Series).

Subject to the following sentence, the Taxable Income of the Trust for a Fiscal Year, and its income net of any losses from a particular source or a source in a particular place, and capital gains, net of capital losses (if any), shall be allocated to the Unitholders in the same proportions as amounts are allocated to the Unitholders in accordance with the accounting allocation determinations. Amounts recognized as income, gains, losses, deductions or credits of the Trust for income tax purposes in a fiscal period but not taken into account in accounting allocation determinations in such fiscal period shall be allocated for income tax purposes among the Unitholders on the basis on which they would be allocated pursuant to the accounting allocation determinations if such amounts were taken into account in computing the Taxable Income or Taxable Loss of the Trust, and the allocation of income, net of any loss, and of capital gains and capital losses for income tax purposes in subsequent Fiscal Years shall be made taking such prior allocations into account. See "*Certain Canadian Federal Income Tax Considerations*".

Distribution on Termination of the Trust

On the termination of the Trust, the assets of the Trust will be liquidated and the proceeds distributed to Unitholders in the following order:

(a) firstly, to pay the liabilities of the Trust (including any outstanding Redemption Notes and unpaid fees and expenses of the Manager but excluding Manager Participating Interest) and to establish reserves for the contingent liabilities of the Trust; and

(b) secondly, to redeem the Units on a pro rata and pari passu basis from the Unitholders (including the Series Manager Units, which will be redeemed based on the portion of the Manager Participating Interest vested at such time).

Subscription Procedure

Subscribers may subscribe for Series A Units, Series F Units and/or Series I Units in this Offering by delivering the following documents to the Trust at the address shown in the Subscription Agreement:

(a) an executed Subscription Agreement; and

(b) a cheque, bank draft, FundSERV settlement or wire transfer made payable to "Trez Capital Private Real Estate Fund Trust" in the amount of the Subscription Price for the Units.

The Trust will hold subscription funds in trust until midnight Eastern Time on the second Business Day after the day on which it received a signed Subscription Agreement. After that and following acceptance by the Trust of the subscriber's subscription, the Trust will hold the subscription funds in trust pending a Closing under this Offering.

The Trust may collect, use and disclose individual personal information in accordance with the privacy policy of the Trust and will obtain consent to such collection, use and disclosure from time to time as required by its policy and the law.

The Trust anticipates that there will be multiple Closings. The Trust may close any part of this Offering on any date as it may determine in its sole business judgment. The Trust reserves the right to accept or reject in whole or in part any subscription for Units and the right to close the subscription books at any time without notice. Any monies for subscription that are not accepted will be returned after it has been determined not to accept the investment. At a Closing of this Offering, the Trust will provide direct Subscribers with a confirmation of their subscription for Units, provided the Subscription Price has been paid in full. A Subscriber who purchases Units through a registered dealer will receive a customer confirmation from the registered dealer from or through which the Units were purchased.

Subscribers should carefully review the terms of the Subscription Agreement for more detailed information concerning the rights and obligations of Subscribers and the Trust. Execution and delivery of a Subscription Agreement will bind Subscribers to the terms thereof, whether executed by Subscribers or by an agent on their behalf. Subscribers should consult with their own professional advisors. See "*Risk Factors*".

Subscription for Units

The Units are conditionally offered if, as and when subscriptions are accepted by the Trust and subject to prior sale. The minimum aggregate Subscription Price is $25,000. There is no maximum or minimum offering. Subscriptions for Units will be received by the Trust subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Trust will accept subscriptions on a monthly basis, at the discretion of the Manager.

Every person who subscribes for Units will be required to complete and deliver to the Trust a Subscription Agreement which can be found at www.trezcapital.com, together with payment of the Subscription Price in the manner therein described.

Subscriptions received will be subject to rejection or allotment by the Trust in whole or in part, in the Manager's sole discretion. The Trust is not obliged to accept any subscription. If a subscription is not accepted, the Trust will return to the Subscriber the Subscription Agreement and the money comprising such subscription. Confirmation of acceptance of a subscription will be forwarded to the Subscriber or, if applicable, to the registered dealer by the Trust. The Trust reserves the right to close the subscription books at any time without notice.

SUBJECT TO THE FOREGOING, ALL SUBSCRIPTION DOCUMENTS SHOULD BE REVIEWED BY PROSPECTIVE SUBSCRIBERS AND THEIR PROFESSIONAL ADVISERS PRIOR TO SUBSCRIBING FOR UNITS.

Qualified Unitholders

The Manager is offering for sale an unlimited number of Units in each of the Provinces of Canada and Territories by way of private placement.

The Offering is being conducted in all the Provinces and Territories, pursuant to the exemptions from the prospectus requirements afforded by Sections 2.3, 2.9 and 2.10 of National Instrument 45-106 – Prospectus Exemptions ("**NI 45-106**") and section 73.3 of the *Securities Act* (Ontario).

The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to investors purchasing as principal and who are "accredited investors" as defined in NI 45-106 and section 73.3 of the *Securities Act* (Ontario). Certain accredited investors will be required to sign a risk acknowledgement in the form (Form 45-106F9) attached as Appendix B to the Subscription Agreement.

The exemption pursuant to Section 2.10 of NI 45-106 is available for distributions to investors purchasing as principals where (i) the trade in a security that has an aggregate acquisition cost to the investor of not less than $150,000, paid in cash at the time of acquisition, and (ii) the investor is not an individual.

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions only to investors purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a risk acknowledgement in prescribed form (Form 45-106F4) attached as Appendix A to the Subscription Agreement.

In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, an investor must qualify as an "eligible" investor to purchase more than $10,000 of Units when relying on the Offering Memorandum exemption. In the provinces of Alberta, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan, investors relying on the Offering Memorandum exemption must complete the schedules in the Risk Acknowledgement Form attached to the Subscription Agreement. Depending on the circumstances of each investor in those provinces, certain investment limits will apply to all Units acquired under the Offering Memorandum exemption as follows:

- in the case of a "non-eligible" investor that is an individual, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed $10,000;

- in the case of an "eligible" investor that is an individual, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed $30,000;

- in the case of an "eligible" investor that is an individual and that receives advice from a portfolio manager, investment dealer or exempt market dealer that the investment above $30,000 is suitable, the acquisition cost of all Units acquired by the purchaser under the Offering Memorandum exemption in the preceding 12 months cannot exceed $100,000.

The foregoing exemptions relieve the Trust from the provisions of the applicable securities laws of each of the Provinces of Canada and the Northwest Territories, Yukon and Nunavut, which otherwise would require the Trust to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Units will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The Manager is registered as an exempt market dealer in various provinces of Canada, which allows the Manager, on behalf of the Trust, to offer the Units for sale directly to the investors. The Trust may also use qualified dealers or brokers to sell Units and may enter into non-exclusive agency agreements with such brokers or dealers in connection with such sales. Depending on provincial requirements, brokers or dealers used by the Trust may be required to be registered as exempt market dealers pursuant to National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations of the Canadian Securities Administrators.

Acceptance of Subscriptions

Subscriptions received are subject to rejection or allotment in whole or in part by the Manager on behalf of the Trust. The Trust will accept subscriptions on a monthly basis, at the discretion of the Manager. The minimum initial subscription is $25,000. The Manager reserves the right to close the subscription books at any time without notice. Confirmation of the acceptance of a subscription will be forwarded by the Manager to the investor. The Manager is not obligated to accept any subscriptions and will reject any subscription which the Manager considers to be not in compliance with applicable securities laws and regulations. If any subscription is rejected, the Manager will return to the investor after making the decision to reject the subscription, the Subscription Agreement, any other documentation delivered by the investor, and the subscription funds comprising such subscription.

Subject to the contractual rights of action, and a two day right of withdrawal for certain investors provided for herein, and subject to applicable securities laws, the investor's subscription may not be withdrawn, cancelled, terminated or revoked by the investor for a period of 180 days from the date of receipt of the subscription by the Manager, unless previously accepted by the Manager.

The Manager intends to accept subscriptions once a month on a monthly basis in its sole discretion. However, as investors enter into a subscription, the Manager will have the right to accept the subscription anytime for a period of not more than 180 days. If the Manager does not elect to accept the subscription within the 180-day period, the subscription will be considered cancelled and an investor would resubmit a subscription under the same terms and conditions. This 180-day acceptance period is in place to allow the Manager to better manage the inflow of subscription proceeds into the Trust. The number of Units issued will be adjusted to reflect the Net Asset Value of Units in effect at the time the subscription is accepted.

Units will be issued to an investor if a Subscription Agreement substantially in the form prescribed by the Manager from time to time is received by the Trust and accepted by the Manager and if payment of the Subscription Price is made by cheque, bank draft, or through a Fundserv payment. Units will be issued at a price based on the Net Asset Value per Unit at such time, subject in all cases to the minimum investment levels described above. An investor who subscribes for Units by executing and delivering a Subscription Agreement will become a Unitholder after the Manager accepts such subscription and the Trust has received the aggregate Subscription Price.

Additional Investments

The minimum additional subscription is $5,000 or such greater amount as may be otherwise required to comply with applicable securities laws or as may be prescribed by the Manager.

No Unit Certificates

Certificates evidencing ownership of the Units will not be issued to a Unitholder.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Bennett Jones LLP, counsel to the Trust, the following summarizes, as at the date of this Offering Memorandum, the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Unitholder who acquires, holds and disposes of, as beneficial owner, Units pursuant to this Offering Memorandum. This summary is applicable only to a Unitholder who, for purposes of the Tax Act and at all relevant times is, or is deemed to be, resident in Canada, deals at arm's length with and is not affiliated with the Trust and who holds the Units as capital property within the meaning of the Tax Act. Generally, Units will be considered to be capital property to a Unitholder provided that such Unitholder does not acquire or hold the Units in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make the irrevocable election under subsection 39(4) of the Tax Act to have their Units, and every other "Canadian security" (as defined in the Tax Act) owned in the taxation year of the election and each subsequent taxation year, deemed to be capital property. Such Unitholders should consult their own tax advisors regarding whether such election is available and advisable in their particular circumstances.

This summary is not applicable to a Unitholder (i) that is a "financial institution" for purposes of the "mark-to-market rules" in the Tax Act, (ii) that is a "specified financial institution", (iii) an interest in which is a "tax shelter investment", (iv) that has elected to report its "Canadian tax results" in a currency other than Canadian currency, and (v) that holds Units as part of a "derivative forward agreement", as each of those terms referred to above are defined in the Tax Act. Any such Unitholder should consult their own tax advisors with respect to an investment in Units. Furthermore, this summary does not address the tax consequences to Unitholders who borrow funds in connection with the acquisition of Units.

This summary is based upon the facts set out in this Offering Memorandum, certain representations as to factual matters made in a certificate signed by an officer of the Trustee and provided to counsel (the "**Officer's Certificate**"), the provisions of the Tax Act in force as at the date hereof and counsel's understanding of the current published administrative policies and assessing practices of the CRA. This summary also takes into account specific proposals to amend the Tax Act (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted as proposed but no assurances can be given that the Tax Proposals will be enacted in their current form or at all.

As a result of the prorogation of Parliament on January 6, 2024, all Tax Proposals, including the 2024 Capital Gains Proposals (as defined below) "died on the order paper". As such, should the Government wish to proceed with such 2024 Capital Gains Proposals, they will need to be reintroduced during the next session of Parliament. The Department of Finance (Canada) and the CRA have announced that, although the 2024 Capital Gains Proposals are subject to Parliamentary approval, consistent with standard practice, the CRA is administering the changes to the capital gains inclusion rate effective June 25, 2024, based on the proposals included in the notice of ways and means motion tabled September 23, 2024. The Department of Finance (Canada) has further publicly stated that, if no bill is passed in the House of Commons, and the Government signals its intent to not proceed with the proposed measures, the CRA would cease to administer them. On January 31, 2025, the Minister of Finance, announced that the federal government is deferring—from June 25, 2024 to January 1, 2026—the date on which the capital gains inclusion rate would increase from one-half to two-thirds on capital gains realized annually above $250,000 by individuals and on all capital gains realized by corporations and most types of trusts. No assurances can be given that the 2024 Capital Gains Proposals will be enacted, in either the form most recently proposed (including the proposed deferral announced on January 31, 2025) or at all. Resident Unitholders are strongly advised to consult with their own tax advisors to assess the potential impact of the 2024 Capital Gains Proposals in their particular circumstances.

This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, and does not take into account any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this Offering Memorandum. Modification or amendment of the Tax Act or the Tax Proposals could significantly alter the tax status of the Trust or the tax consequences of holding Units.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. This summary is not intended to be legal or tax advice to any Unitholder. Unitholders should consult their own tax advisors with respect to the tax consequences of acquiring, holding or disposing of Units based on their own particular circumstances.

Qualification of the Trust as a Mutual Fund Trust

This summary assumes that the representations made in the Officer's Certificate are true and correct, including the representations that: (i) the Trust has and will at all times comply with the Declaration of Trust; (ii) the Trust qualifies and will continuously qualify as a "mutual fund trust" under the provisions of the Tax Act which will require it to limit its investments to certain prescribed investments and to meet certain dispersion of ownership requirements with respect to its Units; (iii) the Trust was not established and will not be maintained primarily for the benefit of persons who are non-residents of Canada for the purposes of the Tax Act; and (iv) in computing its income for each fiscal period, the Trust will, in accordance with the Declaration of Trust and the provisions of the Tax Act, deduct the amount of its income which is paid or payable to the Unitholders such that it will not be subject to any material amount of tax under Part I of the Tax Act.

In order to maintain its mutual fund trust status, the Trust is required to comply with specific restrictions regarding its activities and the investments held by it as provided in the Tax Act. There can be no assurances, however, that the Trust will be able to meet and/or maintain its status as a "mutual fund trust" or be able to restructure itself to so qualify or will not incur material costs to reorganize itself to so qualify for such status. In addition, if the Trust were to be established or maintained primarily for the benefit of non-resident persons (for the purposes of the Tax Act), the Trust would permanently lose its status as a "mutual fund trust", subject to certain exceptions.

The SIFT Tax Measures and the REIT Exception

The Tax Act imposes tax on trusts that are "specified investment flow-through trusts" or "SIFT trusts" and partnerships that are "specified investment flow-through partnerships" or "SIFT partnerships" (the "**SIFT Rules**"). The SIFT Rules effectively tax certain income of a publicly listed or traded trust that is distributed to its Unitholders on the same basis had such income been earned by a taxable Canadian corporation and distributed to Unitholders in the form of a taxable dividend. To the extent applicable to the Trust, the SIFT Rules may, depending on the nature of the income earned by the Trust and/or the distributions from the Trust, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of certain Unitholders. The Trust will be a SIFT trust if it meets the following three conditions: it must be resident in Canada; investments in the trust must be listed or traded on a stock exchange or other public market; and the trust must hold one or more "non-portfolio properties". Similar rules also apply to SIFT partnerships other than an "excluded subsidiary entity". A "mutual fund trust" that would otherwise be a SIFT trust but satisfies the requirements to be a "real estate investment trust" (or "**REIT**") (as defined in subsection 122.1(1) of the Tax Act) will not be subject to the SIFT Rules.

Status of the Trust

Provided that the Units of the Trust are not listed or traded on a stock exchange or other public market, the Trust will not be a SIFT trust and the Limited Partnerships (as defined below) will not be SIFT partnerships and will not be liable to tax under the Tax Act as such. If the Units were found to be listed on a stock exchange or other public market, there can be no assurance that the Trust would satisfy the conditions to be a REIT or be able to reorganize itself to become a REIT or incur significant cost to so reorganize itself. If the Trust were to be a SIFT trust (and cannot meet the conditions to be a REIT) it would be subject to the SIFT Rules. In addition, there can be no assurance that TPREF US Master LP (as defined below) and/or the TPREF CDN LP (as defined below) would not be a SIFT partnership and subject to the SIFT Rules.

The remainder of this summary assumes that the Trust will at all material times qualify as a "mutual fund trust" (as defined in the Tax Act) and that the Trust and its subsidiaries will not be subject to the SIFT Rules. If any of such assumptions is not accurate, certain income tax consequences described below would, in some respects, be materially and adversely different. See "Risk Factors – Mutual Fund Trust and SIFT Trust Status".

Taxation of the Trust

The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to its Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Trust or if the Unitholder is entitled in that year to enforce payment of the amount. However, the Trust will be denied a deduction for (i) any income of the Trust designated to a Unitholder on a redemption of Units, where the Unitholder's proceeds of disposition are reduced by the designation, and (ii) the portion of a capital gain designated to a Unitholder on a redemption of Units is greater than the Unitholder's accrued gain on those Units, where the Unitholder's proceeds of disposition are reduced by the designation.

The Trust's income for a taxation year will generally consist of any amount of the Sub-trust's income for tax purposes, including net taxable capital gains, as is paid or becomes payable to the Trust in the year in respect of units that it holds in the Sub-trust.

To the extent the Trust's assets include assets denominated in currencies other than Canadian dollars, the cost and proceeds of disposition of such assets, income and other relevant amounts must be determined for purposes of the Tax Act in Canadian dollars. The Trust may therefore realize gains or losses by virtue of fluctuations in the value of foreign currencies relative to Canadian dollars (which gains and losses may be on account of income or capital), including gains and losses from hedging transactions, that are not represented by cash proceeds.

In computing its income for purposes of the Tax Act, the Trust may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. The Trust may also deduct from its income for the year a portion of any reasonable expenses incurred by the Trust to issue Units. The portion of the issue expenses deductible by the Trust in a taxation year is 20% of the total issue expenses, pro-rated where the Trust's taxation year is less than 365 days. Any losses incurred by the Trust may not be allocated to Unitholders, but may generally be carried forward and deducted in computing the Taxable Income of the Trust in future years in accordance with the detailed rules and limitations in the Tax Act.

The Trust will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "**capital gains refund**"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Trust's tax liability for that taxation year arising in connection with the distribution of property on the redemption of Units.

Pursuant to the Trust's Distribution Policy, the trustees of the Trust currently intend to make distributions in each year to Unitholders in an amount sufficient to ensure that the Trust will generally not be liable to tax under Part I of the Tax Act in any year (after taking into account any losses or capital losses that may be carried forward from prior years).

The Tax Act contains certain rules (the "**EIFEL Rules**") that are intended, where applicable, to limit the deductibility of interest and financing expenses of a Canadian resident corporation or trust to a fixed ratio of tax EBIDTA (as calculated in accordance with the EIFEL Rules), effective for taxation years beginning on or after October 1, 2023. If the EIFEL Rules apply to the Trust and its subsidiaries, the amount of interest and other financing expenses otherwise deductible by the Trust may be reduced and the taxable component of distributions by the Trust to Unitholders may be increased accordingly. The EIFEL Rules are expected to apply to the Trust and the Sub-trust for their taxation years commencing on January 1, 2024 and in all subsequent taxation years.

Taxation of the Sub-trust

The taxation year of the Sub-trust is the calendar year. In each taxation year, the Sub-trust will be subject to tax on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to the Trust. An amount will be considered to be payable to the Trust in a taxation year if it is paid to the Trust in the year by the Sub-trust or if the Trust is entitled in that year to enforce payment of the amount. The Sub-trust's income for a taxation year will generally consist of its allocated share of income and gain from Trez Capital Private Real Estate Fund US Master Limited Partnership ("**TPREF US Master LP**") and Trez Capital Private Real Estate Fund Canadian Limited Partnership ("**TPREF CDN LP**") (collectively, TPREF US Master LP and TPREF CDN LP are referred to herein as the "**Limited Partnerships**") for their fiscal period ending on or before the year-end of the Sub-trust. Such amounts of allocated income and gain will include any income and gain from any geographic location, such as the U.S. The Sub-trust has elected to be treated as a foreign corporation for U.S. federal income tax purposes. The discussion herein does not describe the U.S. federal income tax consequences applicable to the activities of TPREF US Master LP and the Sub-trust.

In computing its income for purposes of the Tax Act, the Sub-trust may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. Any losses incurred by the Sub-trust may not be allocated to the Trust, but may generally be carried forward and deducted in computing the taxable income of the Sub-trust in future years in accordance with the detailed rules and limitations in the Tax Act.

To the extent the Sub-trust's assets include assets denominated in currencies other than Canadian dollars, the cost and proceeds of disposition of such assets, income and other relevant amounts must be determined for purposes of the Tax Act in Canadian dollars. The Sub-trust may therefore realize gains or losses by virtue of fluctuations in the value of foreign currencies relative to Canadian dollars (which gains and losses may be on account of income or capital), including gains and losses from hedging transactions, that are not represented by cash proceeds.

Taxation of the Limited Partnerships

The Limited Partnerships are not subject to tax under the Tax Act. Each partner of the Limited Partnerships is required to include in computing the partner's income for a particular taxation year the partner's share of the income or, subject to the potential application of the "at-risk" rules, loss of the Limited Partnerships for its year ending in, or coincidentally with, the partner's taxation year, whether or not any of that income is distributed to the partner in the taxation year. For this purpose, the income or loss of the Limited Partnerships will be computed for each year as if the Limited Partnership were a separate person resident in Canada. In computing the income or loss of the Limited Partnerships, deductions may be claimed in respect of available capital cost allowances, reasonable administrative costs, interest and other expenses incurred by the Limited Partnerships for the purpose of earning income, subject to the relevant provisions of the Tax Act.

The income or loss of the Limited Partnerships for a year will be allocated to the partners of the Limited Partnerships, including the Sub-trust, on the basis of their respective share of that income or loss as provided in the limited partnership agreement for the Limited Partnerships, subject to the detailed rules in the Tax Act in that regard.

The EIFEL Rules generally may have the effect of limiting the deductibility of interest and other financing expenses in certain circumstances, including with respect to such expenses of a partnership that are allocated to a partner that is a corporation or trust. If the EIFEL Rules are enacted as proposed, the amount of interest and other financing expenses deductible by such partners of the Limited Partnership, including the Trust, effectively may be reduced.

Generally, distributions to partners in excess of the income of the Limited Partnerships for a year will result in a reduction of the adjusted cost base of the partner's units of the Limited Partnerships by the amount of such excess. If, as a result, the adjusted cost base to the Sub-trust of its units of the Limited Partnerships would otherwise be a negative amount, the Trust will be deemed to realize a capital gain equal to such negative amount, and the Trust's adjusted cost base of its units of the Limited Partnerships will then be reset to zero.

Taxation of Unitholders

Distributions by the Trust

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Trust for the taxation year ending on or before the particular taxation year-end of the Unitholder, including net realized taxable capital gains, that is paid or payable, or deemed to be paid or payable, to the Unitholder in the particular taxation year (and that the Trust deducts in computing its income), whether such portion is received in cash, additional Units or otherwise. Distributions which are made through the issuance of additional Units may give rise to a taxable income inclusion for the Unitholders even though no cash has been distributed to Unitholders. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Unitholder.

Provided that the appropriate designations are made by the Trust, such portion of net taxable capital gains of the Trust as is paid or payable, or deemed to be paid or payable, to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. For a description of the tax treatment of capital gains and capital losses, see "*Certain Canadian Federal Income Tax Considerations - Taxation of Capital Gains and Capital Losses*" below.

The non-taxable portion of any net realized taxable capital gains of the Trust that is paid or payable, or deemed to be paid or payable, to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income and net taxable capital gains of the Trust that is paid or payable, or deemed to be paid or payable, by the Trust to a Unitholder in a taxation year will generally not be included in the Unitholder's income for the year. A Unitholder will be required to reduce the adjusted cost base of its Units by the portion of any amount (other than the non-taxable portion of net realized capital gains of the Trust for the year, the taxable portion of which was designated by the Trust in respect of the Unitholder) paid or payable to such Unitholder that was not included in computing the Unitholder's income. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit so that the adjusted cost base will be reset to zero. The composition of distributions paid by the Trust, portions of which may be fully or partially taxable or non-taxable, may change over time, affecting the after-tax return to Unitholders.

To the extent that amounts are designated as having been paid to Unitholders out of taxable dividends received or deemed to have been received by the Trust on shares of taxable Canadian corporations, the normal gross-up and dividend tax credit rules, including the enhanced gross-up and dividend tax credit rules in respect of dividends designated by the corporation as "eligible dividends" will apply to Unitholders who are individuals (other than certain trusts). A Unitholder that is a corporation is required to include amounts designated as taxable dividends in computing its income for tax purposes and will generally be entitled to deduct the amount of such dividends in computing its taxable income. Certain corporations, including "private corporations" or "subject corporations" (as defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on such dividends to the extent that such dividends are deductible in computing taxable income.

Dispositions of Units

On any disposition or deemed disposition of a Unit (including a redemption for cash or Redemption Notes), a Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the Unitholder's proceeds of disposition, excluding any amount payable by the Trust which represents an amount that must otherwise be included in the Unitholder's income as described herein, exceed (or are less than) the aggregate of the Unitholder's adjusted cost base of the Unit immediately before such disposition and any reasonable costs of such disposition. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that acquisition. The adjusted cost base of a Unit to a Unitholder will include all amounts paid by the Unitholder for the Unit subject to certain adjustments. The cost to a Unitholder of Units received in lieu of a cash distribution of income of the Trust will be equal to the amount of such distribution that is satisfied by the issuance of such Units.

A redemption of Units in consideration for cash or Redemption Notes, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such notes, as the case may be, less any income or capital gain realized by the Trust in connection with the redemption of those Units to the extent that such income or capital gain is designated to the redeeming Unitholder.

Unitholders exercising the right of redemption will consequently realize a capital gain (or capital loss), depending upon whether the proceeds of disposition received exceed (or are less than) the adjusted cost base of the Units redeemed. A Unitholder who is issued Redemption Notes will thereafter be required to include in income interest on such notes in accordance with the provisions of the Tax Act. Unitholders who are trusts governed by Deferred Plans should consult their own tax advisors as the Redemption Notes will not constitute a qualified investment for the purposes of such Deferred Plans.

The consolidation of Units of the Trust will not be considered to result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder's Units will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.

Taxation of Capital Gains and Capital Losses

For capital gains and capital losses realized on or after June 25, 2024, under Tax Proposals released on September 23, 2024 (the "**2024 Capital Gains Proposals**"), and subject to certain transitional rules discussed below, generally, a Unitholder is required to include in computing its income two thirds of the amount of any such capital gain (a "taxable capital gain") realized in the year, and is required to deduct two thirds of the amount of any such capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized in the year by such Unitholder. However, under the 2024 Capital Gains Proposals, a Unitholder that is an individual (excluding most types of trusts) is required to include in income only one half of net capital gains realized (including net capital gains realized indirectly through a trust or partnership) in a taxation year (and on or after June 25, 2024) up to a maximum of $250,000, with the two thirds inclusion rate applying to the portion of net capital gains realized in the year (and on or after June 25, 2024) that exceed $250,000. This annual $250,000 threshold may be impacted by any stock option benefit deduction claimed by the Unitholder that is an individual in that taxation year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act (as proposed to be amended by the 2024 Capital Gains Proposals).

Subject to transitional rules in the 2024 Capital Gains Proposals, for a capital gain or capital loss realized prior to June 25, 2024, only one half of such capital gain would be included in income as a taxable capital gain and one half of such capital loss would constitute an allowable capital loss.

Under the 2024 Capital Gains Proposals, different inclusion rates (or a blended inclusion rate) may apply for taxation years that begin before and end on or after June 25, 2024 (the "**Transitional Year**"). As a result, for its Transitional Year, a Unitholder will be required to separately identify capital gains and capital losses realized before June 25, 2024 ("**Period 1**") and those realized on or after June 25, 2024 ("**Period 2**"). Capital gains and capital losses from the same period will first be netted against each other. A net capital gain (or net capital loss) will arise if capital gains (or capital losses) from one period exceed capital losses (or capital gains) from that same period. A Unitholder would effectively be subject to the higher inclusion rate of two thirds in respect of its net capital gains (or net capital losses) arising in Period 2, to the extent that these net capital gains (or net capital losses) exceed any net capital losses (or net capital gains) incurred in Period 1. Conversely, a Unitholder would effectively be subject to the lower inclusion rate of one half in respect of its net capital gains (or net capital losses) arising in Period 1, to the extent that these net capital gains (or net capital losses) exceed any net capital losses (or net capital gains) incurred in Period 2.

The annual $250,000 threshold for a Unitholder that is an individual (excluding most types of trusts) will be fully available in 2024 without proration and will apply only in respect of net capital gains realized in Period 2 less any net capital loss from Period 1. Certain other limitations to the $250,000 threshold may apply.

Under the 2024 Capital Gains Proposals, two thirds of capital losses realized prior to June 25, 2024 will be deductible against capital gains realized on or after June 25, 2024 included in income at the two thirds inclusion rate regardless of the inclusion rate which applied at the time such capital losses were realized.

Pursuant to the 2024 Capital Gains Proposals, net capital gains of the Trust that are included in the Unitholder's income for the year (and for which appropriate designations are made by the Trust) should benefit from the lower one-half capital gains inclusion rate to the Unitholder up to the $250,000 annual threshold discussed above. For the taxation year of the Trust that begins before June 25, 2024 and ends after June 24, 2024, based on the 2024 Capital Gains Proposals, the amount designated to Unitholders in respect of the Trust's net taxable capital gains will be grossed up (doubled for gains in the pre-June 25 period and increased by 3/2 for gains in the post-June 24 period) and deemed to be capital gains realized by the Unitholder in the period that the Trust disposed of the relevant capital property (either pre-June 25 or post-June 24). The Trust will be required to disclose to its Unitholders in prescribed form the portion of the deemed capital gains that relates to dispositions of property that occurred in each period. If the Trust does not disclose this information, the deemed capital gains would be deemed to have been realized after June 24, 2024. The Trust also has the option of electing the deemed capital gains allocated to its Unitholders to have been realized by them proportionally within the two periods based on the number of days in each period divided by the number of days in the Trust's taxation year. The Trust will assess, in consultation with its tax advisors, the method that it will adopt to report capital gains and capital losses in the 2024 taxation year (and future taxation years, as applicable). Unitholders should consult their own tax advisors having regard to their own circumstances.

If the Sub-trust designates a net taxable capital gain that is paid or becomes payable to the Trust in the Sub-trust's 2024 taxation year, provided the Sub-trust discloses to the Trust in prescribed form the portion of the deemed capital gain that is in respect of capital gains realized (or deemed to be realized) by the Sub-trust on dispositions of property that occur in each of the period prior to June 25, 2024 and the period after June 24, 2024, the proportion of the deemed capital gain considered to be realized by the Trust in each such period will be determined pro rata based on the portion of the allocated gain for each such period. The transitional rules also provide that the Trust may elect that the portion of any deemed capital gain that relates to each such period be determined based on the respective number of days in each period (rather than the dates on which dispositions giving rise to capital gains occur or are deemed to occur). If the Sub-trust makes this election, the proportion determined therein will be used to calculate the Sub-trust's blended capital gains inclusion rate for its taxation year that includes June 25, 2024.

Under the transitional rules included in the 2024 Capital Gains Proposals, if the Sub-trust is a member of a partnership during the Sub-trust's 2024 taxation year, the Sub-trust will be deemed to directly realize a capital gain or capital loss to the extent of its allocable share of any capital gains or capital losses realized (or deemed to be realized) by the partnership for the fiscal period, in lieu of being required to include (or permitted to deduct) in computing its income any portion of the associated taxable capital gain or allowable capital loss of the partnership. The Sub-trust will then be required to include (or permitted to deduct) the taxable (or allowable) portion of such capital gain or loss in computing its income for the year. Where the partnership has a fiscal period that begins before June 25, 2024 and ends after June 24, 2024, any such capital gain deemed to be realized by the Sub-trust will be deemed to be from a disposition of property in the period (prior to June 25, 2024 or after June 24, 2024, as the case may be) in which the applicable disposition occurred. Where the partnership has a fiscal period beginning after June 24, 2024, any such capital gain deemed to be realized by the Sub-trust will be deemed to be from a disposition of property at the end of such fiscal period. The Sub-trust can designate capital gains realized (or deemed to be realized) to the Trust's Unitholders as described above.

The foregoing summary only generally describes the considerations applicable under the 2024 Capital Gains Proposals and is not an exhaustive summary of the considerations that could arise in respect of the 2024 Capital Gains Proposals. Furthermore, the announcements accompanying the 2024 Capital Gains Proposals indicated that additional draft legislation to implement the change to the capital gains inclusion rate will be forthcoming. On January 31, 2025, the Minister of Finance announced that the federal government is deferring— from June 25, 2024 to January 1, 2026— the date on which the capital gains inclusion rate would increase from one-half to two-thirds on capital gains realized annually above $250,000 by individuals and on all capital gains realized by corporations and most types of trusts. No assurances can be given that the 2024 Capital Gains Proposals will be enacted, in either the form most recently proposed (including the proposed deferral announced on January 31, 2025) or at all. Unitholders should consult their own tax advisors with regard to the 2024 Capital Gains Proposals and the announcement on January 31, 2025 that the Minister of Finance will defer the 2024 Capital Gains Proposals until January 1, 2026.

Where a Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition generally will be reduced by the amount of any dividends previously designated by the Trust to the Unitholder, to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

A Unitholder that is throughout the relevant taxation year a "Canadian-controlled private corporation", as defined in the Tax Act, or that is a "substantive CCPC" (as defined in the Tax Act) at any time in the relevant taxation year, may be liable to pay an additional tax on certain investment income, including taxable capital gains, dividends received or deemed to be received (but not dividends or deemed dividends that are deductible in computing taxable income) and interest. Such additional tax may be refundable in certain circumstances. Unitholders that are corporations should contact their own tax advisors in this regard.

Capital gains realized and dividends received or deemed to be received by a Unitholder that is an individual or a trust, other than certain specified trusts, may give rise to a liability for alternative minimum tax under the Tax Act. Recent amendments to the Tax Act may affect the liability of a Unitholder for alternative minimum tax. Unitholders should consult their own advisors with respect to the potential application of alternative minimum tax having regard to their own particular circumstances.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to the Trust, provided the Trust is a "mutual fund trust" within the meaning of the Tax Act at the date of this Offering Memorandum, the Units will be, at such time, "qualified investments" under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan ("**DPSP**"), a registered education savings plan ("**RESP**"), a tax-free savings account ("**TFSA**"), a first home savings account ("**FHSA**") or a registered disability savings plan ("**RDSP**"), each as defined in the Tax Act.

Notwithstanding that the Units may be qualified investments, the holder, subscriber or annuitant thereof of a TFSA, RRSP, RRIF, RESP, FHSA or RDSP, as the case may be, will be subject to an additional tax in respect of the Units, and other tax consequences may result, if the Units constitute a "prohibited investment" (as defined in the Tax Act) for the particular TFSA, RRSP, RRIF, RESP, FHSA or RDSP. The Units will generally be a "prohibited investment" if the holder, annuitant, or subscriber, as the case may be, does not deal at arm's length with the Trust for purposes of the Tax Act or the holder, annuitant, or subscriber, as the case may be, has a "significant interest" (as defined in the Tax Act) in the Trust. In addition, Units will not be a prohibited investment for a TFSA, RRSP, RRIF, RESP, FHSA or RDSP, if such trust units are "excluded property" (as defined in the Tax Act) for such TFSA, RRSP, RRIF, RESP, FHSA or RDSP.

Redemption Notes issued by the Trust on a redemption of Units will not be "qualified investments" for trusts governed by Deferred Plans and such holders should contact their own tax advisors with regard to their own particular circumstances prior to exercising any redemption rights with respect to the Units.

COMPENSATION PAID TO SELLERS AND FINDERS

The Trust has retained Trez Capital Fund Management Limited Partnership as the Manager and as a registered exempt market dealer, as a selling agent and wholesaler for the distribution and sale of the Units and the Trust may choose to retain additional selling agents. Certain principals of Trez Capital Fund Management Limited Partnership will be the principals of the general partners of the entities in which the Trust invests. The Trust is a connected issuer and a related issuer, of Trez Capital Fund Management Limited Partnership.

Selling Commissions

Investors should note that authorized brokers, dealers or advisors may charge investors an upfront selling commission (estimated to be up to 5% of the Subscription Price) at the time of purchase of Units, which may reduce the amount of money invested in the Trust. Employees of the Manager also receive upfront selling commission of up to 1.25% of the Subscription Price at the time of purchase of Units, which may reduce the amount of money invested in the Trust.

The following table outlines the dollar amount of selling commissions paid by the Trust to employees of the Manager in relation to sales of Units that occurred in the years noted.

	YTD 2024	**2023**	**2022**
Commissions Paid	$235,169	$409,231	$477,860

The Manager will pay a Trailer Fee to registered dealers in respect of the Series A Units, payable monthly in arrears. **The amount of the Trailer Fee will be paid by the Manager to the registered dealers directly from the amount of the Series A Management Fee collected by the Manager**. Investors should note that as a result, the Trailer Fee will be an expense that will be indirectly allocated to holders of Series A Units, and will reduce the Net Asset Value attributable to holders of Series A Units.

Redemption Price

Redemptions of Units that occur within two years after issuance of such Units will be redeemed at a reduced Redemption Price, as follows:

Timing of Redemption of Units	**Redemption Price**
within the first year after subscription	90% of the Redemption Price
within the second year after subscription	95% of the Redemption Price

Dealer Compensation

As set out under "Selling Commissions" above, brokers, dealers or advisors selling Units of the Trust may charge investors a commission at the time of purchasing Units, which will reduce the amount of money invested in the Trust.

The Manager will pay an investor's authorized broker, dealer or advisor a Trailer Fee as compensation for ongoing advice and service in respect of Series A Units. The Trailer Fees are accrued monthly and are paid monthly at the current annual rate of 1.0% of the Net Asset Value per Series A Unit held by clients of the authorized broker, dealer or advisor. The Trailer Fee is calculated based on the Net Asset Value of the Series A Units for each calendar month. Trailer Fees are calculated monthly and payable, on or about 10 days following the last day of each month. **The Trailer Fee will be paid by the Manager to the authorized broker, dealer or advisor directly from the amount of the Series A Management Fee collected by the Manager.** The Manager may, from time to time, pay the Trailer Fee more frequently than monthly, in which event the Trailer Fee will be pro-rated for the period to which it relates.

Selling commissions and Trailer Fees may be modified or discontinued by the Manager at any time. The Manager may, at its discretion, negotiate, change the terms and conditions of, or discontinue the Trailer Fee with brokers, dealers and advisors. Brokers, dealers or advisors qualifying for a Trailer Fee in respect of the Trust for the first time must contact the Manager in writing to arrange the first payment. Payments thereafter are made automatically as long as the broker, dealer or advisor continues to qualify.

RISK FACTORS

The purchase of Units involves a number of risk factors. An investor should reach a decision to invest in the Trust after careful consideration with their advisors as to the suitability of an investment in the Trust in light of its Investment

Objectives and the information set out in this Offering Memorandum. The Manager does not make any recommendation as to the suitability of the Trust for investment by any person. All prospective Unitholders should consider an investment in the Trust within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints, and considering time horizons. This Offering is not suitable for investors who cannot afford to assume moderate risks in connection with their investments. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective investors should consider the following factors.

ORGANIZATIONAL STRUCTURE RISKS

Achievement of Investment Objective

There can be no assurance that the Trust's investment strategies will be successful, that its Investment Objectives will be achieved or that it will be able to make distributions. There is a risk that the Manager may not invest all proceeds of the Offering in investments and not be able to generate sufficient funds to meet the Investment Objectives of the Trust. There is no time constraint for the full investment of the net proceeds of the Offering in investments and the timing of such investment will depend upon the Manager's identification of investments meeting the criteria for acquisition.

Blind Pool Offering

The Offering is a "blind pool" offering, meaning that the specific investments in which the Trust will invest have not been identified as of the date of this Offering Memorandum, other than the existing Investment Portfolio, which includes the investments identified in the section "*Trust Structure - Investment Portfolio of the Trust as at December 31, 2023*".

While the Trust anticipates that its subsidiaries will be able to identify and complete the purchase of (or investment in) Real Property and undertake the subsequent renovation, upgrading, operation, leasing, refinancing and/or sale of such Real Property, on an ongoing basis that will satisfy the Trust's investment and business objectives and achieve acceptable returns on investment, there can be no assurance that it will be able to do so.

Investors who are not willing to rely on the discretion and judgment of the Manager and Trustee should not subscribe for Units. While the Trust anticipates that it will be able to identify appropriate investments, on an ongoing basis that will satisfy the Trust's Investment Objectives and achieve acceptable returns on investment, there can be no assurance the Trust will be able to either identify or agree to favourable terms to be able to close on suitable or sufficient opportunities to meets its Investment Objectives or Investment Restrictions. If the Trust is not able to locate or close on sufficient or suitable opportunities this could materially impact the performance of the Trust.

Deployment of Capital

There could be a delay between the time net proceeds from the issuance of Units are received and the time those proceeds are invested. Cash that is not yet invested in accordance with the Investment Objectives of the Trust may be invested in money market accounts or other similar temporary investments and there may be situations where the cash is maintained for longer periods of time. Such temporary investments will generate lower interest returns which will be dilutive to overall total returns. The impact of such temporary investments could be material to overall returns depending on the period of time such temporary investments are maintained.

Concentration and Composition of the Investment Portfolio in Real Estate Related Assets

Given the concentration of the Trust's exposure to investments relating to Real Property, the Trust will be more susceptible to adverse economic occurrences affecting Real Property than an investment fund that holds a diversified portfolio of securities. Real Property and loans are relatively illiquid. Such illiquidity will tend to limit the Trust's ability to vary the Investment Portfolio promptly in response to changing economic or investment conditions.

The Investment Objectives and Investment Restrictions of the Trust permit the assets of the Trust to be invested in a broad spectrum of Mezzanine Loans, Real Estate Company Financings, Equity Investments and Mortgage Investments. Therefore, the composition of the Investment Portfolio may vary widely from time to time, subject to the Investment Objectives and Investment Restrictions of the Trust. As a result, the returns generated by the Investment Portfolio may change as its composition changes.

The Trust's overall mix of investments may, from time to time, be heavily weighted toward one or more market sectors and geographic regions, such as its current focus on the multi-residential, single-family for rent, self-storage, and industrial sectors in the United States. Currently, the Trust's Investment Portfolio is heavily weighted toward the major metropolitan markets in Texas. This concentration is deliberate, and reflects the Manager's positive view of Texas' real estate market fundamentals. This current concentration, and any other such sectoral or geographic focus exposes the Trust to concentration risk in respect of unanticipated fluctuations in the economic performance of such markets sectors.

Portfolio Allocation

The Trust's investment performance depends upon how its investments are allocated and reallocated. There is a risk that the Manager may make less than optimal or poor asset allocation decisions. The Manager employs an active approach to make opportunistic investments, but there is no guarantee that such investment techniques will produce the desired results. It is possible that the Manager will focus on an investment that performs poorly or underperforms other investments under various market conditions. There can also be no assurance that the Manager will be able to acquire sufficient investments to create diversification in the Investment Portfolio and as such there may be an over-allocation to certain investments. This means a single or limited number of investments could have a material impact on the performance of the Trust.

Investment and Operational Policy Changes

Other than those items requiring Unitholder approval such as changes to the Investment Restrictions, the Manager may change the investment and operational policies of the Trust without the consent of Unitholders which could result in investments that are different than the targeted investments as described in the Offering Memorandum. A change in the investment strategy may cause a change in the risks of the portfolio and could materially affect the operations and financial conditions of the Trust.

Distributions

There can be no assurance that the Trust will make any distributions in any particular month and no minimum distribution level has been established. The Trust may not be able to make distributions at any time in the future, and the level of any distributions that are made may not increase or even be maintained over time. Accordingly, cash distributions are not guaranteed and cannot be assured.

Distributions may also be paid from sources other than cash flow from operations such as from proceeds from the sale of or repayment of assets, offerings of Units or amounts from borrowings. If sources other than cash flow from operations are used to pay distributions, this will result in less proceeds available for investment which may reduce the total returns that are able to be generated. Additionally, the use of borrowings for distributions and the associated cost of the liabilities incurred could impact the ability to pay distributions in future periods, decrease the Net Asset Value and adversely impact the value of Units.

Distributable Cash is calculated in accordance with the Declaration of Trust. Distributable Cash is not a measure that has a standardized meaning prescribed by IFRS. Distributable Cash is presented herein because management of the Trust believes this non-IFRS measure is a relevant measure of the ability of the Trust to earn and distribute cash returns to eligible Unitholders. Distributable Cash as computed by the Trust may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to Distributable Cash as reported by such organizations.

Investments Not Guaranteed or Insured

There can be no assurance that the investments of the Trust will result in a guaranteed rate of return or any return to Unitholders or that losses will not be suffered on one or more investments. The projected performance of the investments is based on various assumptions and risks which could change and materially affect the performance of such investments. While the Trust intends to make distributions to eligible Unitholders from Distributable Cash, there can be no assurance that there will be any Distributable Cash available for such distribution. As a result, there can be no guarantee that Unitholders' investment is not at risk or that the investments will deliver any return in either the short or long-term.

Dilution

The Trust is authorized to issue an unlimited number of Units. Any issuance of additional Units may have a dilutive effect on the Unitholders.

No Market

There is no market through which the Units may be sold and a market for the Units is not expected to develop. Therefore, Redemption of Units will likely be the only way to sell your Units. Units are transferable, subject to the Manager's discretion to allow any such transfer and compliance with applicable laws, including any applicable securities laws. Units are also transferable by operation of law (such as the death or bankruptcy of a Unitholder). Securities laws will restrict, and may prohibit, transfer of Units. See "*Resale Restrictions*".

None of the Units may be sold, assigned or transferred by a Unitholder, in whole or in part: (a) without prior written consent of the Trustee; or (b) as otherwise expressly provided in the Declaration of Trust, subject to compliance with applicable law (including applicable securities laws and regulatory policy) and the transfer requirements in the Declaration of Trust.

Restrictions on Redemption

Redemptions of Units that occur within two years after issuance of such Units will be redeemed at a reduced Redemption Price. The Redemption Price may be less than the Subscription Price paid for your Units.

Redemptions will be processed by the Trust on a monthly basis, as determined by the Manager in its discretion. In any given month, the Trust will not be obligated to make cash Redemptions of Units that exceed the following thresholds: (i) in a calendar month (when calculated in aggregate with all Units which are subject to valid Redemption requests received from Unitholders and which are redeemable in such calendar month), 1% of the total outstanding Units at the at the end of such calendar month, and (ii) for any consecutive period of three calendar months (when calculated, in aggregate, with all other Units either previously redeemed during such three month period, or which are subject to valid Redemption requests received from Unitholders and which are redeemable during such period), 1.25% of the total outstanding Units at the end of such calendar month. Additionally, in any given calendar month, if the Trust receives valid Redemption requests which, in the aggregate, exceed any of the foregoing thresholds, then the Trust shall advise the applicable Unitholders in writing that all or a portion of the Redemption Price payable in respect of the Units tendered for Redemption on the applicable Redemption date shall be paid by the Trust issuing Redemption Notes to such Unitholders. Cash Redemptions shall by paid to Unitholders on a pro rata basis, only in respect of such number of Units which, in aggregate, do not exceed such thresholds, with the balance to be paid by the Trust issuing Redemption Notes. The Manager in its discretion may increase the allowable Redemption thresholds.

Redemption Notes will not be liquid and will not be a qualified investment for Deferred Plans and will be a prohibited investment for Deferred Plans. Adverse tax consequences generally may apply to a Unitholder or Deferred Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the Redemption of Units. Accordingly, Unitholders that propose to invest in Units through Deferred Plans should consult their own tax advisors before doing so to understand the potential tax consequences of exercising their redemption rights attached to such Units.

Additionally, conditions may arise which would cause the Manager to suspend the Redemption of Units, or postpone the day of payment or right of Redemption, for or during a period during which the Manager determines that conditions exist which render impractical the sale of the assets of the Trust, impair the ability of the Manager to determine the value of the assets held by the Trust, or risk having an adverse impact on the Trust as a whole. The Manager will be required to consider at least quarterly whether the continued suspension is in the best interests of the Trust and the Unitholders. There is no specified period of time in which the Manager is required to authorize the recommencement of the Redemption of Units. If the Manager continues to be of the view that conditions exist which render impractical the sale of the assets of the Trust, impair the ability of the Manager to determine the value of the assets held by the Trust, or risk having an adverse impact on the Trust as a whole, the Manager will have the right to terminate the Trust, see "*Securities Offered – Suspension of Redemptions*".

The Trust Property will be primarily invested in illiquid assets. An illiquid asset is an asset which is difficult to sell, either because the asset cannot be sold through public markets or the resale of the asset is prohibited as a result of representations, undertakings or certain agreements made by the Manager or the asset's previous owner. If the Trust is unable to sell an asset, the Trust may not be able to realize profits and/or minimize losses with respect to the asset and this in turn may adversely affect the Net Asset Value of the Units. In addition, in order to fund Redemptions of Units, the Trust may have to liquidate its holdings in more liquid assets as a result of the illiquidity of some or all of that portion of the Investment Portfolio comprised of illiquid assets. There is a risk that a Trust's investment in illiquid assets could make it difficult for the Trust to fund Redemption requests. See "*Securities Offered – Unitholder's Right to Redeem*".

Redemption Price

The determination of the Net Asset Value per Unit requires the Manager to make monthly determinations of the value of the Trust. The Manager will determine Net Asset Value monthly as of each Valuation Date, but given the time it takes to make such determination, the value as of the Valuation Date will not be effective until the following month. Therefore, the Net Asset Value for transaction purposes will equal the Net Asset Value of the prior month rather than the current Net Asset Value. Because the value of the Trust is determined monthly on a lagging basis, the Net Asset Value per Unit in any given month may be overstated or understated. There is a risk that redeeming Unitholders might, in effect, be overpaid if the actual fair value is lower than the Net Asset Value per Unit or be underpaid if the actual fair value is higher than the Net Asset Value per Unit. The Trust does not intend to adjust any Net Asset Value per Unit retroactively due to the determinations being made monthly on a lagging basis.

Priority of Payment of Redemptions

The payment in cash by the Trust of the Redemption Price of Units will reduce the amount of cash available to the Trust for the payment of distributions to Unitholders, as cash payments of the amount due in respect of Redemptions will take priority over the payment of cash distributions.

Payment of Redemption Price Issuance of Redemption Notes

The Redemption Price for Units may be satisfied by way of Redemption Notes issued by the Trust. Redemption Notes issued by the Trust will be unsecured debt obligations of the Trust and may be subordinated to other financing obtained by the Trust. Redemption Notes will not be liquid and adverse tax consequences generally may apply to a Unitholder as a result of the redemption of Units. Redemption Notes, if issued by the Trust, may, in certain circumstances, have priority over Units in the event of the liquidation of the assets of the Trust. There are various considerations with respect to creditor rights and bankruptcy law that will need to be considered both at the time Redemptions Notes are issued and at the time of any liquidation of the assets of the Trust in order to determine if such a priority exists. Unitholders should note that Redemption Notes will not be a qualified investment for tax-exempt Subscribers.

Payment of Redemption Notes

The Trust will create a sinking fund for interest payable with respect to Redemption Notes issued by the Trust. If the Trust is unable to pay out a Redemption Note on maturity, it may borrow funds from related and unrelated parties or seek to extend the terms of the Redemption Note. Notwithstanding the foregoing, circumstances may arise resulting in the Trust may not have funds available to pay on maturity the principal balance and accrued unpaid interest under any Redemption Notes issued. Additionally, the Trust may still make distributions to Unitholders while there are amounts of interest and/or principal outstanding with respect to any Redemption Notes issued. The Redemption Notes are not qualified investments for Deferred Plans.

Termination of Trust as a Result of Redemption

If holders of a substantial number of Units exercise their Redemption rights, the number of Units outstanding could be significantly reduced. In any such circumstances, the Trustee may at any time terminate the Trust without the approval of the Unitholders if, in the opinion of the Trustee, it is no longer economically feasible to continue the Trust or the Trustee determines that it would be in the best interests of Unitholders to terminate the Trust. See "*Securities Offered - Distribution on Termination of the Trust*".

Nature of Units

The Units are neither fixed income nor equity securities. An investment in Units does not constitute an investment by Unitholders in the securities included in the portfolio of the Trust. Unitholders will not own the securities held by the Trust by virtue of owning Units of the Trust. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders.

Management of Growth

The Trust may not effectively manage its assets or growth plans. Growth of the Investment Portfolio may cause stress to the operational, financial, technological and other resources of the Trust which could lead to ineffective management. If the Trust does not effectively scale and grow, there could be an adverse impact on its operations, performance and financial condition.

Reputation and Performance of the Manager

The Manager is a manager of various investment trusts and other investment vehicles. The success of these other investment products could have an impact on the perception of the abilities of the Manager and the ability of the Manager to both raise sufficient investment capital as well as find suitable partners to make investments in Real Property, Mezzanine Loans, Real Estate Company Financings and Mortgage Investments. The performance of the Manager in unrelated investment products could thereby cause a material impact to the success of the Manager is performing its duties for the Trust.

Reliance on the Manager and Key Personnel

In assessing the risk of an investment in the Units offered hereby, potential investors should be aware that they will be relying on the good faith, experience and judgment of the directors and officers of the Manager to manage the business and affairs of the Trust. The directors and officers of the Manager are likely to change over time. It is contemplated that the directors, officers and employees of the Manager and the members of the Board of Governors will devote to the Trust's affairs only such time as may be reasonably necessary to conduct its business.

The success of the Trust depends on the abilities, experience, efforts and industry knowledge of its management. The loss of the services of key personnel could have a material adverse effect on the Trust's business, financial condition, results of operations or future prospects. It is possible that, over the lifespan of the Trust, there will be turnover and/or a reduction in the role played within the Trust by key personnel. This could have a material adverse effect on the Trust's growth and profitability. The Trust may not be able to attract and retain additional qualified personnel as needed in the future. There can be no assurance that the Trust will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

Limited Performance History

Although the Manager has a track record and extensive experience in real estate financing, the Manager has a more limited track record and experience in investing in Real Property, Mezzanine Loans, or Real Estate Company Financings. Additionally, the past performance of the Manager in such investments cannot be considered an indication of future results. Unitholders are relying on the abilities of the Manager to expand its business scope to the investment in Real Property which has additional risks.

Very Limited Role of the Board of Governors

The role of the Board of Governors is generally advisory in nature with a focus on overseeing and managing conflicts of interest that may arise between the Manager, the entities managed by it and Affiliates thereof. The Board of Governors is not involved in the day-to-day management of the Trust. Its duties differ from those of the board of directors of a corporation as its responsibilities are limited to those expressly set forth in the Declaration of Trust and substantially all powers, authorities and responsibilities in respect of the Trust are those of the Manager. While the Declaration of Trust sets out that the Board of Governors has the duty to ensure the actions of the Manager and the Trustee are, at all times, in accordance with the terms of the Declaration of Trust, the Board of Governors has limited insight into the day-to-day operations and activities of the Manager and is, to a large degree, reliant upon the Manager reporting its activities to the Board of Governors. Accordingly, while the Board of Governors meets at least quarterly and has adopted certain corporate governance and other practices that are consistent with market practices to mitigate the risk of non-compliance with the Declaration of Trust by the Manager, there can be no assurance that such non-compliance may occur given the Board of Governors' limited ability and authority to oversee and monitor the activities and operations of the Manager on a day-to-day basis and its reliance on the Manager to report on such activities.

Foreign Currency Risk

Unitholders will be investing in Units priced in Canadian dollars and will receive distributions in Canadian dollars. However, the business of the Trust is anticipated to be primarily conducted in the U.S. and income and gains will be primarily earned and expenses and losses will likely be primarily incurred in U.S. dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to the U.S. dollar. In order to mitigate, but not eliminate, the adverse effects of a decline in the U.S. dollar versus the Canadian dollar, the Trust currently hedges U.S. dollar denominated investments by way of foreign exchange swaps.

The Manager intends to reassess its currency hedging strategy from time to time. The Manager's hedging strategy and future hedging transactions will be determined at its sole discretion. As a result, the value of an investment in Units, when expressed in Canadian dollars, may fluctuate in accordance with fluctuations in the Canada/U.S. dollar exchange rate, and the value of such investment may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors who purchase Units are subject to currency exchange rate risk.

Fees and Transaction Costs

The Trust will be subject to the payment of various fees, including those of the Manager. See "*The Trust's Business – Manager's Fees; Expenses of the Trust*".

Possible Personal Liability of Unitholders

The Declaration of Trust provides that it is intended that no Unitholder will be held to have any personal liability as such, and no resort will be had to a Unitholder's private property, for satisfaction of any obligation in respect of or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustee, or any obligation in respect of which a Unitholder might otherwise have to indemnify the Trustee for any liability incurred by the Trustee, but rather only the Trust Property is intended to be subject to any levy or execution for satisfaction of any obligation or claim.

Because of uncertainties in the law relating to investment trusts such as the Trust, there is a remote risk that a Unitholder could be held personally liable, notwithstanding the foregoing statement in the Declaration of Trust, for obligations in connection with the Trust (to the extent that claims cannot be satisfied by the Trust). It is intended that the Trust's operations be conducted in such a way as to minimize any such risk and, in particular and where practical, to cause every written contract or commitment of the Trust to contain an express statement that liability under such contract or commitment is limited to the value of the net assets of the Trust.

Under the *Income Trust Liability Act* (British Columbia), Unitholders are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of the Trust. This statute has not yet been judicially considered and it is possible that reliance on the statute by a Unitholder could be successfully challenged on jurisdictional or other grounds. Unitholders who are resident in jurisdictions which have not enacted legislation similar to the British Columbia legislation may not be entitled to the protection of the British Columbia legislation. In any event, the Manager considers that the risk of any personal liability of Unitholders is minimal in view of the size of the anticipated equity of the Trust, the nature of its activities and the requirement of the Trust that any written contract or commitment of the Trust (except where such inclusion is not reasonably possible) include an express limitation of such liability.

Calculation of Net Asset Value

The calculation of Net Asset Value is determined in accordance with the Valuation Policy and does not follow any standardized guidelines or principles. The Valuation Policy used to calculate Net Asset Value is based on generally accepted methodologies, best practice and advice from independent third-party appraiser, which the Trustee and the Manager believe represents the fair market value of the Trust's investments at any particular time of determination. However, the methodologies used to calculate the Net Asset Value are impacted by a number of different factors, including deferred tax liabilities, IFRS and accounting principles, carrying value and assumptions that may turn out to be incorrect or inappropriate, all of which may result in discrepancies between the calculated fair market value of the Trust's investments and the actual value of such investments. Additionally, the methodology used to calculate Net Asset Value may differ from those used by other companies and may not be comparable to values reported by other companies. Furthermore, the Net Asset Value is not audited and may contain errors. To the extent that the value of the Trust's investments determined pursuant to the Valuation Policy differs from the actual value, the Net Asset Value may be understated or overstated, as the case may be. Understatements and overstatements of the Net Asset Value may be in favor or to the detriment of old, existing, and new Unitholders depending on the circumstances and may result in discrepancies between the Transaction Price of Units payable and the actual value of the Trust's investments at any given time as well as potential negative consequences as a result of tax issues. If there are any errors in the calculation of Net Asset Value, the Manager may, in its discretion, take any actions that the Manager determines are necessary to rectify the error, including with respect to any prior distributions or Redemptions.

Valuation of the Investment Portfolio May Not Correspond to Realizable Value

Properties will generally initially be valued at cost which is expected to represent fair value at the time. Semi-annuals appraisals will be prepared by an independent third-party appraisal firm to provide an update to the fair value. Caution should be exercised in relying on appraisals received in respect of any properties. An appraisal is an estimate of market value. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The appraisals are based on various assumptions of future expectations and while the appraiser's internal forecasts are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. Further, appraisals do not necessarily represent the price at which an asset would sell which would only be determined by negotiation between a willing buyer and seller. As such, the carrying value of an asset may not reflect the price at which the asset could be sold in the market and the difference could be material. Additionally, there can be no assurance that the appraiser of the Trust will use the same assumptions and future expectations as any other appraiser. To the extent that the value of the Trust's investments determined pursuant to the Valuation Policy differs from the actual value, the Net Asset Value may be understated or overstated, as the case may be. Understatements and overstatements of the Net Asset Value may be in favor or to the detriment of old, existing, and new Unitholders depending on the circumstances and may result in further negative consequences as a result of tax issues.

Furthermore, as the Manager's determination of the monthly Net Asset Value per Unit will be based in part on appraisals of each of the properties provided by independent third-party appraisal firms, the Net Asset Value per Unit may not fully reflect any or all changes in value that may have occurred since the most recent appraisal or valuation. The Net Asset Value may change materially if the appraised values of properties materially change from prior appraisals and may not reflect a material event until such time as sufficient information is available to appropriately adjust the Net Asset Value. This can result in a disparity in the Net Asset Value which may be in favor or to the detriment of old, existing, and new Unitholders depending on the circumstances. As a result, there can be no assurance that the Net Asset Value of the Units is accurate and could materially differ from what is reported.

Accrued Gains and Losses and Impact on Before-Tax and After-Tax Return

The subscription price per Unit determined by the Manager at any time will reflect the Net Asset Value per Unit based upon the Net Asset Value of the Trust's assets for the preceding month. In computing the Net Asset Value of the Trust's assets for a month, the Manager will take into account any accrued gain (or loss) on an asset, regardless of whether such gain (or loss) has been realized. This means that the subscription price per Unit will generally include unrealized accrued gains and losses on the Trust's assets.

When an asset is disposed of (or such other realization event occurs) and the accrued gain (or loss) on the asset is realized, the gain (or loss) will generally be included in computing the Taxable Income of the Trust for the particular year in which the realization event occurs. Therefore the Trust's Taxable Income for a particular year may include a gain (or loss) that accrued prior to that year. This means that the share of the Trust's Taxable Income distributed on a Unit may include the portion of a gain or loss that accrued prior to the Unitholder acquiring such Unit. If the Trust has a loss for income tax purposes in a particular year, it is anticipated that the loss will be applied in computing the Taxable Income of the Trust in a subsequent taxation year. This means that the share of the Trust's Taxable Income distributed on a Unit may effectively include a loss that accrued prior to the time the Unitholder acquired such Unit. This effect will only occur if the Trust has a loss on all its operations in a year; a loss on one or more assets of the Trust will only result in the Trust realizing a loss for the year if the amount of the loss on the disposition of assets exceeds the Trust's income for the year.

As a result of these computation methods, the after-tax return from an investment in Units to Unitholders may be adversely affected by a gain (or positively affected by a loss) that accrued prior to the Unitholder acquiring such Units.

Similarly, the Net Asset Value that is attributable to the Trust's U.S. investments is calculated inclusive of a deferred income tax liability, which is a valuation item that estimates of the amount of taxes that will be paid by the Sub-trust on any U.S. taxable income generated by its U.S. investments. The largest portion of any such taxes will generally be paid when such investments are liquidated, but changes in such investments' deferred income tax liabilities/assets are factored into the Net Asset Value based on the change in such investments' valuations at each measurement date. To the extent the Canadian Sub-trust pays any U.S. taxes, these will flow through to taxpaying investors as a foreign tax credit. However, there are timing differences between when deferred income tax liabilities or assets are recognized in the Net Asset Value (monthly), when the corresponding U.S. taxes are paid by the Sub-trust (annually, and weighted toward an investment's disposition), and when foreign tax credits are distributed to Unitholders. Accordingly, Unitholders' before-tax and after-tax returns may be impacted positively or negatively based on these timing differences in relation to Unitholders' subscription and/or redemption timing.

Mutual Fund Trust and SIFT Trust Status

The Trustee believes that the Trust currently qualifies as a mutual fund trust under the Tax Act. In order to maintain its mutual fund trust status, the Trust is required to comply with specific restrictions regarding its activities and the investments held by it and certain dispersion of ownership requirements as provided in the Tax Act.

Pursuant to the Tax Act, a mutual fund trust cannot be established or maintained primarily for the benefit of Non-Residents. The Declaration of Trust contains a prohibition relating to the ownership of Units by Non-Residents exceeding a 40% threshold that are designed to mitigate the possibility that the Trust would be viewed as having been established or maintained primarily for the benefit of Non-Residents. If the Trust were to lose its mutual fund trust status for the purposes of the Tax Act, the consequences could be material and adverse and include the following:

- The Units would cease to be a qualified investment for Deferred Plans (and FHSAs) and such Deferred Plans (and FHSAs) would potentially be subject to tax, penalties and interest. Trusts governed by RESPs which hold Units that are not qualified investments can have their registration revoked by the CRA.

- The Trust would be required to pay a tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by the Trust may have adverse income tax consequences for certain Unitholders, including Non-Residents and residents of Canada who are exempt from Part I tax.

- The Trust would not be entitled to use the capital gains refund mechanism otherwise available for mutual fund trusts.

- The Units may constitute taxable Canadian property for the purposes of the Tax Act, potentially subjecting Non-Residents to tax pursuant to the Tax Act on the disposition (or deemed disposition) of such Units.

- The Trust would not be exempt from the alternative minimum tax.

- The Trust could become subject to the 21 year deemed disposition rule.

It is also possible that the Trust could retain its mutual fund trust status but become a SIFT Trust for the purposes of the Tax Act if the Units become listed for trading or if a public market is created on which the Units are traded and the Trust does not qualify as a REIT. If the Trust became a SIFT Trust adverse tax consequences could result to the Trust, the Limited Partnerships and the Unitholders. There is no intention currently to list the Units and no assurance can be given that the Trust could qualify as a REIT or that the Limited Partnerships would each be an "excluded subsidiary entity". See "*Certain Canadian Federal Income Tax Considerations – the SIFT Tax Measures and the REIT Exception*".

Risks Associated with Foreign Ownership

The Declaration of Trust contains a prohibition on non-resident ownership which provides that at no time may Non-Residents be the beneficial owners of more that 40% of the outstanding Units. The Declaration of Trust provides powers to the Manager to enforce this limitation, including by selling the Units of a Non-Resident without their consent or requiring such Non-Resident to redeem their Units. The exercise of the Manager's powers to enforce such non-resident ownership limitation may have an adverse effect on one or more Unitholders or the Trust.

Risk of Change in or Interpretation of Tax Legislation

The return on the Unitholder's investment in Units is subject to changes in Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation of the same. To the extent the Trust earns income in the United States, it is also exposed to changes in U.S. federal and state tax laws, tax proposals, other governmental policies or regulations and U.S. governmental, administrative or judicial interpretation of the same. There can be no assurance that tax laws, tax proposals, policies or regulations, or the interpretation thereof in either country, will not be changed in a manner which will fundamentally alter the tax consequences to Unitholders acquiring, holding or disposing of Units. In structuring its affairs, the Trust consults with its tax and legal advisors and receives advice as to the optimal method in which to complete its business objectives while at the same time minimizing or deferring taxes, where possible. There is no assurance that the strategies used by the Trust will be successful and/or impact Unitholders differently and potentially in an adverse manner.

Tax provisions and tax filing positions require estimates and interpretations of Canadian and foreign tax laws, regulations, and tax treaties, and judgments as to their interpretation and application to the Trust's specific situation. In addition, the computation of income and other taxes payable involves many complex factors and there can be no assurance that Canadian or foreign tax agencies will agree with the Trust's tax filing positions and will not change their administrative practices to the detriment of Trust and the Unitholders. While the Trust believes that its tax filing positions are appropriate and supportable under applicable law, they are always subject to review and assessment by the relevant taxation authorities. Therefore, it is possible that additional taxes could be payable by the Trust or withheld on distributions received from non-resident subsidiaries or distributed to Unitholders or that additional taxable income could be allocated by the Trust to its Unitholders (potentially in excess of cash distributions made to them). For purposes of the Tax Act, the Trust generally is required to compute its Canadian tax results using Canadian currency.

Foreign Currency

Where an amount that is relevant in computing a taxpayer's Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using exchange rates determined in accordance with the Tax Act. As a result, the Trust may realize gains and losses for tax purposes by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

The EIFEL Rules

The EIFEL Rules are expected to apply to certain entities in the Trust structure for taxation years beginning on or after October 1, 2023. If the EIFEL Rules apply to the Trust and its subsidiaries, the amount of interest and other financing expenses otherwise deductible by the Trust may be reduced and the taxable component of distributions by the Trust to Unitholders may be increased accordingly. See "*Certain Canadian Federal Income Tax Considerations – Taxation of the Trust*".

Capital Gains Inclusion Rate

Pursuant to the 2024 Capital Gains Proposals, subject to certain transitional rules, the portion of a capital gain or capital loss included in the taxable capital gain or allowable capital loss is two-thirds in respect of (i) dispositions realized by a Unitholder that is an individual (excluding most types of trusts) on or after June 25, 204, for the portion of capital gains realized in the year that exceed $250,000 from all dispositions, and (ii) dispositions realized by a Unitholder that is a corporation or trust on or after June 25, 2024. Allowable capital losses realized in excess of taxable capital gains in a particular taxation year may (subject to appropriate adjustment to the inclusion rate pursuant to the 2024 Capital Gains Proposals) generally be deducted against net taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year, subject to and in accordance with the provisions of the Tax Act.

As a result of the prorogation of Parliament on January 6, 2024, all Tax Proposals, including the 2024 Capital Gains Proposals (as defined below) "died on the order paper". As such, should the Government wish to proceed with such 2024 Capital Gains Proposals, they will need to be reintroduced during the next session of Parliament. The Department of Finance (Canada) and the CRA have announced that, although the 2024 Capital Gains Proposals are subject to Parliamentary approval, consistent with standard practice, the CRA is administering the changes to the capital gains inclusion rate effective June 25, 2024, based on the proposals included in the notice of ways and means motion tabled September 23, 2024. The Department of Finance (Canada) has further publicly stated that, if no bill is passed in the House of Commons, and the Government signals its intent to not proceed with the proposed measures, the CRA would cease to administer them. On January 31, 2025, the Minister of Finance announced that the federal government is deferring - from June 25, 2024 to January 1, 2026 - the date on which the capital gains inclusion rate would increase from one-half to two-thirds on capital gains realized annually above $250,000 by individuals and on all capital gains realized by corporations and most types of trusts. No assurances can be given that the 2024 Capital Gains Proposals will be enacted, in either the form most recently proposed (including the proposed deferral announced on January 31, 2025) or at all. Resident Unitholders are strongly advised to consult with their own tax advisors to assess the potential impact of the 2024 Capital Gains Proposals in their particular circumstances and the announcement on January 31, 2025 that the Minister of Finance will defer the 2024 Capital Gains Proposals until January 1, 2026.

Deductibility of Interest to Acquire Units

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in units of an income trust may be reduced on a pro-rata basis in respect of distributions from the income trust that are a return of capital and that are not reinvested for an income earning purpose. If the CRA's view were to apply to a Unitholder who borrowed money to invest in Units, part of the interest payable by such Unitholder in connection with money borrowed to acquire such Units could be non-deductible.

Distributions to Non-Residents

The Tax Act may impose additional withholding or other taxes on distributions of income made by the Trust to Unitholders who are Non-Residents at the general rate of 25%. Such taxes and any reduction under a tax treaty between Canada and another country may change from time to time.

Non-cash Distributions

The Declaration of Trust provides that the amount necessary to ensure that the Trust will not be liable to pay non-refundable income tax under Part I of the Tax Act for any taxation year shall be deemed to be declared as a distribution by the Trustee prior to the end of each taxation year. Such distributions may be payable in the form of additional Units where the Trust's available cash is not sufficient to make a payment of the full amount of such distributions, or where otherwise determined by the Trust. While the Trust currently intends that distributions of income in each taxation year will be paid in cash, the Trustee has discretion to determine in the future to make such distributions payable in Units. Unitholders generally will be required to include an amount equal to the amount of such distributions in their taxable income, even in circumstances where they do not receive a cash distribution from the Trust. Accordingly, Unitholders (i) may have distributions of income that are required to be included in income without a corresponding cash payment, and (ii) may not be able to offset any such income inclusion, or taxes payable thereon, with respect to the such distributions with any available credits, including allocated foreign tax credits from the Trust. There can be no assurance that the Trust or its subsidiaries will not be subject to material Canadian or foreign taxes, including the imposition of alternative minimum tax.

Tax Information Reporting

The Trust has due diligence and reporting obligations under the U.S. Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively "**FATCA**") and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act, "**CRS**"). Generally, Unitholders (or in the case of certain Unitholders that are entities, the "controlling persons" thereof) will be required by law to provide the Trust and/or their registered dealer with information related to their citizenship or tax residence and, if applicable, their foreign tax identification number. If a Unitholder (or, if applicable, any of its controlling persons) does not provide the information or, for FATCA purposes, is identified as a U.S. citizen (including a U.S. citizen living in Canada) or, for CRS purposes, is identified as a tax resident of a country other than Canada or the U.S., information about the Unitholder (or, if applicable, its controlling persons) and his, her or its investment in the Trust will generally be reported to the CRA. The CRA will provide that information to, in the case of FATCA, the U.S. Internal Revenue Service and in the case of CRS, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under CRS.

U.S. Withholding Tax Risk

Generally, FATCA impose a 30% withholding tax on "withholdable payments" (such as interest, dividends and other passive income) made to an investment entity, unless the investment entity enters into a FATCA agreement with the IRS (or is subject to an intergovernmental agreement as described below) to comply with certain information reporting and other requirements. Compliance with FATCA will in certain cases require an investment entity to obtain certain information from certain investors and (where applicable) their beneficial owners (including information regarding their identity, residency and citizenship) and to disclose such information, including account balances, and documentation to the IRS.

Under the terms of the Canada-U.S. IGA, and its implementing provisions under the Tax Act, the Trust will be treated as complying with FATCA and not subject to the 30% withholding tax if the Trust complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, the Trust will not have to enter into an individual FATCA agreement with the IRS but the Trust will be required to report information, including certain financial information, on accounts held by investors that fail to provide information to their financial advisor or dealer related to their citizenship and residency for tax purposes and/or investors that are identified as, or in the case of certain entities as having one or more controlling persons who are, U.S. persons owning, directly or indirectly, an interest in the Trust to the CRA. The CRA will in turn provide such information to the IRS under the existing provisions of the Canada-U.S. Income Tax Convention. The Canada-U.S. IGA sets out specific accounts that are exempt from being reported, including certain tax deferred plans. By investing in the Trust, the investor is deemed to consent to the Trust disclosing such information to the CRA. If the Trust is unable to comply with any of its obligations under the Canada-U.S. IGA, the imposition of the 30% U.S. withholding tax may affect the Net Asset Value of the Trust and may result in reduced investment returns to Unitholders. It is possible that the administrative costs arising from compliance with FATCA and/or the Canada-U.S. IGA and future guidance may also cause an increase in the operating expenses of the Trust.

The foregoing rules and requirements may be modified by future amendments of the Canada- U.S. IGA, and its implementation provisions under the Tax Act, future U.S. Treasury regulations, and other guidance.

Foreign Jurisdiction Tax Related Risk Factors

The foreign income tax treatment of the Trust or the Unitholders could have a material effect on the advisability of an investment in the Units. In the event that the Trust or the Unitholders are required to pay additional foreign taxes in excess of those that are known or projected at the time of any investment by the Trust, those foreign taxes likely would affect the return on the investment. Given the highly complex nature of tax rules and the possibility of future changes in those rules, no assurances can be given that the Trust will continue to qualify for treaty deductions or other exemptions.

The Trust may make withholding certificate applications to foreign tax authorities to request a reduction in federal income tax withholdings that would otherwise apply to an amount that more closely approximates the actual tax liability. No assurance can be given that such foreign tax authority will approve a withholding certificate application.

For tax purposes, the Trust is required to compute its results in Canadian currency using Canadian tax rules. Due to differences in income tax legislation and currency in one jurisdiction versus another, including the computation of income and the deductibility of expenses in each jurisdiction, taxable income could arise in one jurisdiction and a taxable loss in another. This may result in permanent or timing differences in respect of foreign tax credit applications. While management will do its best to mitigate such occurrences, this could impact rates of return. The Net Asset Value of each Unit is computed based on an accrual of foreign taxes. Due to timing differences on when a Unitholder disposes of a Unit (including on a redemption), such foreign tax may not be creditable by a Unitholder at the time of disposition (including on a redemption) in the form of a foreign tax credit which could impact rates of return.

Prospective investors should consult their own tax advisors to determine the tax consequences, reporting and any other requirements applicable to their particular situations.

Potential Conflicts of Interest

The Manager is required to satisfy a standard of care in exercising its duties with respect to the Trust. However, neither the Manager nor its officers, directors, Affiliates, or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Trust. The Manager and its officers, directors, Affiliates, or employees may undertake financial, investment or professional activities which give rise to conflicts of interest with respect to the Trust.

Certain inherent conflicts of interest arise from the fact that the Manager may carry on investment activities for other clients (including other investment entities managed by the Manager) or on a proprietary basis in which the Trust will have no interest. Future investment activities by the Manager, including the establishment of other investment entities, may give rise to additional conflicts of interest.

The Manager also may engage in the promotion, management or investment management or other services in relation to other investment products, vehicles or any other fund or trust. These competing vehicles may have investment policies similar to those of the Trust or entities through which they make investment allocations and the Manager may be compensated in a different manner in respect of those vehicles. The Manager will follow procedures designed to ensure an appropriate allocation of available investment opportunities among the Trust and competing vehicles. Additionally, other entities managed by the Manager may participate as co-investors with the Trust in an investment.

These other entities managed by the Manager may rank in a priority, pari passu or subordinate position to the Trust. Co-investments with other entities managed by the Manager includes the Trust's Equity Investments. In respect of co-investments in Equity Investments, the Trust will generally participate in a subordinate, or common equity, position and the other investment entities managed by the Manager will generally participate in a senior position, or as a preferred equity, position. Such co-investments may create conflicts of interest.

Where there is a material risk of damage to the Trust arising from any conflict of interest, this conflict will be managed to prevent the conflict from adversely affecting the interests of the Trust, including by reference to the Trust's Independent Review Committee.

Liquidity Risk

Real Property investments are relatively illiquid. This illiquidity will tend to limit the ability of the Trust to respond to changing economic or investment conditions. If the Trust were to be required to liquidate assets quickly, there is a risk the proceeds realized from such sale would be less than the fair market value of the assets or less than what could be expected to be realized under normal circumstances. By specializing in a particular type of real estate, the Trust has a greater exposure to adverse effects on that segment of the real estate market and does not benefit from a broader diversification of its portfolio by property class. The illiquidity of the Trust's assets may also adversely affect the ability of Unitholders to redeem their Units.

Reinvestment Risk

Reinvestment risk is the risk that income will decrease if the proceeds from debt repayments or sale of assets are reinvested into new investments that are generating returns below the rate being earned on the current portfolio. A decline in the returns on new investments could impact the Net Asset Value and overall performance to Unitholders. There can be no assurance that the Trust will be able to reinvest proceeds at the same or higher rates of return.

Use of Leverage

The Manager intends to use maximum leverage to enhance the investment returns earned by the Trust. The Trust's use of leverage could have important consequences to Unitholders. Leverage, whether by way of senior mortgage loans, subordinated mortgage loans, Mezzanine Loans, or preferred equity positions will be used to finance the investments and is anticipated to increase the returns on these investments when the asset is performing. However, leverage may also cause stress to the investments, typically when the returns from the asset are not sufficient to cover interest payments on the indebtedness. This can occur if a tenant vacates a property and causes the net operating income to drop below a level that can support the debt service payments on the property. If a default occurs under any of the loans, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the properties.

There is no assurance that the Manager will be able to obtain sufficient loan proceeds to finance the acquisition of properties, or, if available, that the Manager will be able to obtain loans on commercially acceptable terms. Further, there is no assurance or guarantee that any loans, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). This could result in the need to inject additional equity into the project which may not be feasible and could lead to a default on loans and foreclosure actions. Additionally, the need to inject additional equity in the project could materially impact returns.

Furthermore, the indebtedness used for investments will rank ahead of the Equity Investment made, either directly or indirectly, by the Trust. This means that at the time of disposition of a property, the proceeds will first be used to pay down the indebtedness. There can be no assurance that there will be sufficient proceeds from the sale to distribute any proceeds in excess of the amount repayable for the debt and there could be no remaining proceeds available to the Trust.

In the absence of mortgage financing, the number of properties which the Trust is able to indirectly purchase will decrease and the projected return from the ownership of properties may be reduced.

Furthermore, the degree of leverage could affect the Trust's ability to obtain additional financing in the future for working capital, capital expenditures, or other general purposes, making the Trust more vulnerable to a downturn in business or the economy in general. Additionally, the terms under certain debt agreements can also limit the ability of the Trust to incur additional leverage which could impact the Trust's operations and ability to achieve its objectives.

Government Regulation

The Trust will have interests in developments and development properties located in Canada and the United States. The nature of development, construction and operation is such that the Trust must comply with extensive and complex municipal, state or provincial, national and international regulations, including rental legislation and other legislation relating to, among other things, environmental and fire safety standards and tax rules, which are continually evolving. Changes in these laws, rules and regulations, or their interpretation by governmental agencies or the courts, could adversely affect the Trust's business and operations, as these can result in uncertainty and delays, impose additional costs on the Trust, impact project pro-formas, and could adversely affect its reputation and financial condition if there is a failure to comply. The Trust will also be exposed to changes in both Canadian and U.S. tax rules and regulations which could have a material impact on the operations and performance of the Trust.

Liability under such laws, rules and regulations may occur without fault of the Trust. In certain cases, parties can pursue legal actions against the Trust to enforce compliance as well as seek damages for non-compliance or for personal injury or property damage. The Trust's insurance may not provide sufficient coverage in the event that a successful claim is made against it.

REAL ESTATE INVESTMENT RISKS

General Real Estate Investment Risks

All Real Property investments, whether by loan or equity, are subject to a degree of risk and uncertainty and can be adversely affected by economic and regulatory changes that impact the real estate market. These can include general economic and capital market conditions, changes in government rules and regulations, changing real estate trends, local real estate market dynamics, the attractiveness of the properties to tenants, the demand for lease premises, competition from other properties and various other factors. The value of the Real Property may also depend on the credit and financial stability of the tenants. Distributable Cash may be adversely affected if one or more major tenants or a significant number of tenants of the properties held by the Trust were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties is not able to be leased on economically favourable lease terms. Additionally, time will be required and unexpected costs may be incurred in tenanting such property. It cannot be assumed that tenants will continue to renew their leases or that tenants will be attracted to the properties. Furthermore, the impacts of the ability to tenant the properties at favourable rates will impact the value of the Real Properties which could impact the ability to sell such Real Properties at proceeds that generate any form of return to Unitholders.

This is a long-term investment. The impact of these factors cannot be reasonably known at the time of the initial investment and are likely to shift and change as general conditions change over the term of the investment.

General Economic Conditions

Changes in general economic conditions may affect the Trust. The Trust is exposed to local, regional, national and international economic conditions and other events and occurrences beyond their control, including, but not limited to the following: credit and capital market volatility, business investment levels, government spending levels, consumer spending levels, changes in laws, rules or regulations, trade barriers, commodity prices, currency exchange rates and controls, national and international political circumstances (including wars, terrorist acts or security operations), changes in interest rates, inflation rates, the rate and direction of economic growth, and general economic uncertainty. Changes in any of the above may have a material adverse effect on the performance of the investments. No assurance can be given as to the effect of these events on the investments or the Investment Objectives. In particular, the Trust is highly dependent upon conditions in the Canadian and United States real estate markets and economics conditions throughout North America that are outside the Trust's control and difficult to predict.

Unpredictable or unstable market conditions, adverse economic conditions or volatility in the capital markets may result in reduced opportunities to find suitable investments through which to deploy capital, and may make it more difficult for the Trust to create value or exit and realize value from its real estate investments.

Technology and Information Security

The Trust's business is subject to risks relating to its ability to safeguard its information systems, including the security and privacy of its information systems. The Trust's business relies on the safety and integrity of the information systems of the Manager and its Affiliates. The Trust relies on information technology to manage its business, including maintaining proprietary databases containing sensitive and confidential information about its investments and counterparties (which may include personally identifiable information and credit information) and for the electronic transfer of funds from time to time.

Unauthorized parties may attempt to gain access to the Trust's systems or facilities through various means, including hacking into the Trust's systems or facilities, fraud, trickery or other means of deceiving employees or contractors of the Manager of its Affiliates. In particular, cybersecurity risks faced by businesses that use and depend on information technology systems have increased in recent years due to the proliferation of cyber-threats that target computers, information systems, software, data and networks. Cyber-threats include, among other things, unauthorized attempts to access, disable, modify or degrade information systems and networks, telecommunication failures, shut-downs, the introduction of computer viruses / worms, and other malicious codes such as "ransomware", and fraudulent "phishing" emails that seek to misappropriate data and information or install malware on users' computers.

A party that is able to circumvent the Trust's security measures could misappropriate the Trust's confidential information, cause interruption to the Trust's operations, damage its computing infrastructure or otherwise damage its reputation. Specific potential effects relating to cyber-threats or cyber-terrorism include the theft or loss of data, unauthorized access to, and disclosure of, confidential information, service disruption, remediation costs, increased cybersecurity costs, lost revenue, litigation and reputational harm, all of which can materially affect the Trust.

Although the Trust maintains information security measures and continuously monitors security threats to its information technology systems and implements measures to manage these threats, there can be no assurance that the Trust will be immune from these security risks and that risks can be fully mitigated due especially to the evolving nature of cybersecurity threats, the difficulty in anticipating such threats and the difficulty in immediately detecting all such threats and any breach of the Trust's information security may have a material adverse impact on its business, operations, financial condition and cash flows. In addition, cyber incidents may also remain undetected for an extended period, which could exacerbate the consequences aforementioned. Overall, security breaches could expose the Trust to a risk of loss or litigation and possible liability for damages. The Trust may be required to make significant expenditures to protect against security breaches or to alleviate problems caused by any breaches.

Public Health Crisis

The Trust's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other public health crises, such as COVID-19. The global reactions to such epidemics, pandemics or other public health crises can lead to, among other things, significant restrictions on travel, quarantines, temporary business closures and a general reduction in consumer activity. Such public health crises can result in disruptions and volatility in financial markets and global supply chains as well as declining trade and market sentiment and reduced mobility of people, all of which could impact Real Property prices, interest rates, credit ratings, credit risk and inflation. The risks to the Trust of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. The extent to which COVID-19 has impacted the Trust has been limited to date and, at this time, is not expected to have a material impact on the future outlook of the Trust given the continued strength of real estate fundamentals in the geographies and asset classes in which the Trust focuses.

Competition for Investment Opportunities

The ability of the Trust to make investments in accordance with the objectives of the Trust will depend upon the availability of suitable investments. The Trust will compete with other individuals, investors, developers, owners of properties, trusts and institutions for the investment in financing as well as the acquisition and development of Real Property. Many of these competitors have greater resources than the Trust or operate with greater flexibility. The actions of competitors can also have an impact on the Trust's business. For instance, a competitor may reduce the rental rates it charges on a Real Property to increase its occupancy rates which may create pressure on the Trust's investments to reduce rental rates which may result in reduced profit margins or cash flow.

There can be no assurance that other businesses in the industries of the Trust's investments will not be attracted to enter this market that could have greater financial, technological and marketing resources than the Trust's investments. As a result of this competition, there can be no assurance that the Trust will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, and achieve its targeted rate of return. In addition, if the Trust makes only a limited number of investments, the aggregate returns realized could be adversely affected in a material manner by the unfavourable performance of even one such investment.

Cross-Border Risk

Most of the investments are expected to be made in the U.S. Additionally, the Manager may also invest globally in opportunities that align with the Trust's Investment Objectives and Investment Restrictions. The Trust may face cross-border risks, including risks relating to political policy changes, staffing and managing cross-border investments, tariffs and other trade barriers, differing and potentially adverse tax implications, increased and conflicting regulatory compliance, and challenges caused by distance and cultural difference. The U.S. government has threatened to introduce tariffs of 25% on certain goods from Canada and Mexico, and 10% tariffs on certain goods from China and oil & gas from Canada sold in the U.S. In response, Canada and Mexico have indicated that they would introduce retaliatory tariffs, and China has indicated that it would take countermeasures, including challenging the imposition of the tariffs with the World Trade Organization. The tariffs, if introduced, would likely apply to certain building products, among many other products. The impact of these tariffs, if introduced, are uncertain and may have an adverse effect on the overall economies of the U.S. and Canada, real property values and our joint venture partners' ability to complete projects within expected timelines and budgets, which could adversely impact the Investments and returns of the Trust. There is a level of uncertainty as to the impact that future political policy changes in the U.S. or any other foreign jurisdiction may have on the Trust.

Concentration and Composition of the Investment Portfolio to Asset Classes and Geographies

As there are no set restrictions or target allocations by asset class or geography for the investments, the Investment Portfolio may be concentrated at any time in only a limited number of asset classes, geographies or investments and the total return may be substantially affected by the unfavourable performance of even a single investment. Concentration in a particular type of asset or geography makes the portfolio more susceptible to changes in value from adverse conditions affecting that particular asset class or geography. Investors have no assurance as to the degree of diversification in the Trust's investments, either by geographic region or asset type.

Changes in Real Estate Values

Real Property fluctuates in value. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income producing Real Property may also depend on the credit worthiness and financial stability of the tenants. Changes in market conditions may reduce the cash flow from the property and decrease the value of the property.

Changes in Capitalization Rates

Capitalization rates can have a material impact on the success of a project as it impacts the exit value of the asset. Capitalization rates for different asset classes move in ranges and are subject to supply and demand for that particular asset class. Minor movements in these rates can have a material impact on the residual value of the asset which can materially impact the profit or loss on the sale of such asset. Over the period of investment or development, gains and losses at the time of disposition can occur due to the movement of capitalization rates.

Joint Venture Risks

The Trust will make joint venture investments with third parties. In these cases, the Manager will not have sole decision-making authority over the joint venture. There are additional risks associated with entering in a joint venture relationship which can include, but are not limited to:

- reliance on the financial and operational viability and success of the joint venture partner;
- conflicting interests to those of any joint venture partners, which can be driven by economic, operational, tax, regulatory factors;
- the joint venture partner could have joint control even where its ownership in the joint venture is less;
- the inability to come to an agreement on major decisions leading to deadlocks;
- the presence of lockup provisions that prevent the disposition of an asset at a time if would be beneficial to sell; and
- any other negotiated rights that could cause delays, inefficiencies, or challenges with acquiring, operating or disposing of an asset.

All these risks could result in an adverse impact to the operations and financial condition of the Trust.

If there is a right of first refusal to buy out a joint venture partner, the Trust may be unable to finance such a buy-out if it becomes exercisable or may be required to purchase such interest at a time when it would not otherwise be in the Trust's best interest to do so. In some joint ventures the Trust may be obligated to buy all or a portion of a joint venture partner's interest in connection with a crystallization event, and the Trust may be unable to finance such a buy-out when such crystallization event occurs. If the Trust buys its joint venture partner's interest it will have increased exposure in the underlying investment. The price determined to buy a joint venture partner's interest is typically determined by negotiations between the Manager and the joint venture partner and there is no assurance that such price will be representative of the value of the underlying property or equal to a then-current valuation of the Trust's interest in the joint venture that is used to calculate Net Asset Value. Finally, the Trust may not be able to sell its interest in a joint venture if the Manager desires to exit the venture for any reason.

Due Diligence Risk

The Manager will rely on the available resources and third-party consultants to complete its due diligence on potential investments. The results of the due diligence may not reveal all the relevant facts or may contain misrepresentations, errors or omissions, or even fraud. There can be no assurance the information used to complete the due diligence review is accurate or complete. Additionally, the Manager may need to work with limited information or under time pressures to capture certain investment opportunities. There can be no assurance that sufficient time and information will be available to complete the due diligence on each investment to make a fully informed decision.

Acquisition Risks

The real estate assets may be subject to unknown, unexpected or undisclosed liabilities that may materially and adversely affect operations, financial condition and results. The vendor representations and warranties, if any, given by arm's length third parties may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, real estate assets acquired may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

Unitholders will be reliant on the Manager's due diligence process for determining the investment quality of the investments acquired by the Trust. There is generally little or no publicly available information about any target, and the Manager must rely on the diligence of its employees and the consultants they hire to obtain the information necessary for its decision to invest in them. While the Manager undertakes substantial due diligence on all investments, there can be no assurance that the diligence efforts of the Manager will uncover all material information or potential risks about a target necessary for them to make a fully informed investment decision.

Entitlement Risks

The Trust may invest in new developments which require the completion of entitlements. There can be no guarantee that entitlement process will be completed on time or at all and this could have a material impact on the performance and value of the asset. The entitlement process is subject to potential changes in rules and regulations which could also adversely impact the outcome.

Development Risks

The Trust will invest, directly or indirectly, in Real Property for the purposes of some form of improvement or development. These types of investments are impacted by general macroeconomic factors as well as local economic and real estate conditions. Additionally, these types of investments have certain risks, including but not limited to, the time and money required to be spent by the Manager in evaluating the appropriateness of such investments; the risk that governmental or other approvals are not obtained to proceed with the business plan for the investment; the potential for an increase in costs; the risk of unforeseen delays such as weather conditions and regulatory changes; and the potential that the anticipated business plan for the investment is not achieved as anticipated including that desired occupancy rates are not achieved. Furthermore, as a result of such risks, the initial investment anticipated in a Real Property may significantly increase and make a project uneconomical or less profitable. All these risks can have a material impact on the potential success of the investment and will ultimately materially affect the performance of the Trust.

Construction Risks

The Trust will invest in properties that require some form of improvements or development activity. Any redevelopment of an existing asset or new development is susceptible to the risk that the project may experience construction delays, cost overruns, or changes in rules and regulations that impact the construction plans of the asset. The ability to complete the construction on time and on budget can be impacted by a multitude of factors which will ultimately have an impact on the success and performance of the asset. There may be material changes during the construction process that adversely impact the outcome of the financial condition and performance of the asset.

Contractor/Property Manager Risks

The investment in real estate developments requires the hiring of quality and suitable contractors to complete the construction. There can be no assurance that the Manager will be able to attract quality contractors nor that the contractors will perform their duties in accordance with their agreements. The ability of these contractors to perform their duties will have an impact on the success of the projects.

The success of any real estate development project is to a certain extent dependent upon the ability to attract builders with successful track records in sales and construction. In the event that any of the builders that are contracted with in connection with any real estate development project should cease operating in connection with such project or not comply with their obligations to the Trust under the applicable agreements, the financial performance of the Trust will in part depend upon its ability and/or the Manager's ability to find a replacement builder or builders. There can be no guarantee that the Trust or the Manager will find suitable builders on a timely basis or on terms that are advantageous to the Trust.

The Trust will also rely on partners to manage properties upon the transition to operating assets. There is no assurance the Manager will be able to attract quality property managers nor that the property managers will perform their duties in accordance with their agreements. The ability of these property managers to perform their duties will have an impact on the success of the projects. Additionally, the Manager may be required to replace property managers. There can be no guarantee that the Trust or the Manager will find suitable property managers on a timely basis or on terms that are advantageous to the Trust. As the Trust will be using third-party property managers, the ability to direct and control how the properties are managed on a day-to-day basis may be limited. There is reliance on the property managers to effectively manage the day-to-day operations.

Renovation Risks

The Trust may be subject to the financial risk of having unoccupied units during extended periods of renovations. During renovations, these properties are unavailable for occupancy and do not generate income. Certain significant expenditures, including property taxes, maintenance costs, interest payments, insurance costs and related charges must be made throughout the period of ownership of real estate property regardless of whether the property is producing revenue. Delays in the renovation of a building or individual units as a result of labour shortage, weather delays and similar risks could delay the renting of such building or units resulting in an increased period of time where the building is not producing revenue or produces less revenue than a fully-tenanted building.

Operational Improvement and Cost Risks

There is a risk that operational improvements required to make an investment successful will not be executed effectively. There can be no assurance that operational improvements and efficiencies intended to improve the value of a property will be successfully assessed or implemented which may adversely impact the performance, operations and cash flows from the property. Additionally, the cost of these improvements may be greater than expected.

Additionally, operating costs can be impacted by changing conditions and regulations. Some of these costs may not be passed onto tenants and may directly impact the cash flow from the property and returns to the Trust.

Leasing Risks

The Trust will acquire and either improve or develop properties primarily for the purpose of lease-up. There is a risk that the lease-up may not occur at all or may occur at a slower rate than anticipated. If the lease-up is not successful or is less successful than anticipated this can have a material impact on the cash flows and financial performance of the property.

Additionally, the Trust anticipates that it will utilize third-party leasing agents for leasing activity. There will be reliance on the abilities of these third parties to efficiently and effectively lease properties which may materially impact the success and performance of the properties.

Furthermore, short-term leases will have a higher degree of exposure to market conditions. Leases on residential properties will generally be on a short-term basis. Such leases will be negatively impacted by declining market rents which could materially impact the ability to pay distributions from the Trust.

Rent Controls on Multifamily Residential Properties

There may be changes to residential landlord/tenant laws including implementations in rent controls which would limit the ability to raise rents to market pricing or prevent the eviction of tenants. This could result in lower rental growth or additional costs that were not anticipated which could materially impact the net cash flows that are generated from a property.

Tenant Risks

For Real Property which provides premises for lease, tenant risk poses a significant impact on the financial performance of the asset. Tenant risk consists of both quality risk and rollover risk.

Tenant quality refers to the creditworthiness, stability and number of tenants. Creditworthiness and stability is assessed based on factors such as the financial history and personal/operating history of the tenant. Tenants with long operating histories and strong financial performance are less likely to face challenges and hence are less likely to default on their rental contracts. For instance, a large national tenant is viewed as less risky and more desirable than a small start-up company. The financial success of the properties is indirectly dependent on the success of the businesses of the tenants.

Additionally, the number of tenants can also create risk. If a property has a single tenant and such tenant defaults or vacates the premises upon expiry of their lease this creates a large vacancy on the property. By diversifying the tenant base, occupancy risk is mitigated and this reduces the reliance on a single tenant. Delays in collecting rent from tenants could adversely affect the operations, performance and ability to pay distributions to Unitholders.

Rollover risk refers to the remaining term on leases. The more leases that are approaching the expiry period the more risk there is for higher potential vacancies which could have a material impact on the performance and cash flows from the property. The Trust may not be able to renew or enter into new leases or may enter into leases at rental rates that are lower than anticipated which could have an adverse impact on cash flows from the property. However, if leases are below market rates and vacancy rates in the market are low, rollover risk can also create an opportunity to improve cash flows to the property.

Competition for Tenants

Real Property investments will generally face competition from similar properties in the same market. This may affect the Trust's ability to attract and retain tenants and reduce the rental rates that can be obtained. Additionally, competitor properties may be willing to lease space at lower prices to fill vacancies which may impact the rental rates that properties can achieve. Lease-up could be impacted by competition from other properties of a similar type or other types of properties. For instance, multi-family apartments may compete with other housing alternatives such as single-family homes and condominiums available for rent. The attractiveness of housing alternatives may depend on various factors such as mortgage rates, mortgage lending underwriting criteria, availability of financing and so on.

Environmental Matters

The Trust may become subject to various requirements (including federal, provincial, state and municipal laws, as applicable) relating to environmental matters. Such requirements provide that the Trust could be, or become, liable for environmental or other harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties, including lead-based paint, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, underground storage tanks, pesticides and other miscellaneous materials. Such requirements often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such materials. Additional liability may be incurred by the Trust with respect to the release of such substances from the Trust's Properties to properties owned by third parties, including properties adjacent to the Trust's Properties or with respect to the exposure of persons to regulated substances. The failure to remove or otherwise address such substances may materially adversely affect the Trust's ability to sell such property, maximize the value of such property or borrow using such property as collateral security, and could potentially result in claims or other proceedings against the Trust. Environmental laws and other requirements can change and the Trust may become subject to more stringent environmental laws and other requirements in the future. Compliance with more stringent environmental requirements, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations. The Trust could be subject to fines or damages for noncompliance with environmental laws and regulations.

Severe Weather Conditions and Natural Disasters

The occurrence of unpredictable and severe weather conditions may have adverse impacts on the Trust's investments and financial condition. Severe weather conditions and natural disasters may negatively impact, among other things, land values, rates of default, capitalization rates, foreclosure rates and insurance costs and may require rehabilitation costs for damaged properties or cause delays in the completion of projects that may directly or indirectly be part of the investments. The impact of additional costs or delays can have a material impact to the performance of the investment.

Insured and Uninsured Losses

The Manager of the Trust will ensure there is comprehensive insurance of the type and in the amounts customarily obtained for properties similar to those to be owned by it, directly or indirectly, and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses are either uninsurable or not economically insurable.

This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets. If any of the properties incurs a casualty loss that is not fully insured, the value of the Trust Property will be reduced by any such uninsured loss. In addition, other than any working capital reserve or other reserves the Manager may establish, it has no source of funding to repair or reconstruct any uninsured damaged property. A judgment against the Trust in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on the Trust's business and financial condition. Any such judgment will be paid out of the assets of the Trust. Further, to the extent the Manager must pay unexpectedly large amounts for insurance, it could suffer reduced earnings that would result in lower distributions to Unitholders.

Risk Related to Insurance Renewals

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the Trust's current insurance policies expire, the Trust may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the Trust is able to renew its policies at levels and with limitations consistent with its current policies, the Trust cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. If the Trust is unable to obtain adequate insurance on its properties for certain risks, it could cause the Trust to be in default under specific covenants on certain of its indebtedness or other contractual commitments that it has which require the Trust to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if the Trust were unable to obtain adequate insurance, and its properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations.

Litigation Risk

The Trust may become involved in legal disputes that could adversely impact its financial performance and reputation. In the normal course of the Trust's operations, whether directly or indirectly, it may become involved in, named as a party to or become the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions in relation to alleged mortgage defaults, personal injuries, property damage, property taxes, land rights, the environment, contract and other commercial disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Trust and as a result, could have a material adverse effect of the Trust Property, business, financial condition and results of operations. Even if the Trust prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Trust's business operations, which could have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations.

Prepayment Risk on Debt Investments

Debt investments that are made may offer prepayment options. During times of declining interest rates, borrowers may refinance the Trust's debt which could result in the Trust reinvesting in lower yielding loans based on the interest rate environment at the time. This will lower the expected return that was originally anticipated.

Credit Risk on Debt Investments

The risk of default and losses on debt transactions will be affected by many factors including general economic conditions, interest rates, real estate market conditions, and the operational and financial circumstances of the borrower. This default risk will be increased due to the junior positions in which these financings sit within the borrower's capital structure. Additionally, Mortgage Investments, Mezzanine Loans and preferred Equity Investments could become subordinated to the rights of the borrower's creditors. Subordinated financings will be subject to greater credit risk than senior debt. Additionally, the quality and financial condition of the underlying borrower as well as the performance of the underlying real estate can have an adverse impact on the performance of debt investments.

Subordinated Debt is Higher Risk than Senior Debt

Debt investments will likely be subordinated debt which is subject to greater credit risk than senior debt. The Trust's ability to pursue remedies on such financings will be subject to the rights of the senior debtholders.

Mezzanine Loan Risks

Mezzanine Loans are subordinated financings and the borrower's ability to repay is subject to the financial performance of the underlying real estate or the borrower's creditworthiness. Mezzanine Loans are generally non-recourse which limits the recoverability in the event of default.

Preferred Equity Investment Risks

Preferred Equity Investments are subordinate to indebtedness (including Mezzanine Loans) but are senior to equity interests and, as such, are significantly riskier investments than Mortgage Investments or Mezzanine Loans. Preferred Equity Investments generally earn a fixed return and do not have security in the underlying real estate. Instead, preferred Equity Investments, upon certain specified default events, have the right to effect a change of control of the ownership of the real estate, subject to any similar rights of lenders in respect of such real estate that rank ahead of the rights of the preferred Equity Investments. Given the limited rights associated with preferred equity, there is a greater risk that a loss could occur on these investments than investments in Mortgages Investments or Mezzanine Loans.

Risks Related to Mortgage Extensions and Mortgage Defaults

The Manager may from time to time deem it appropriate to extend or renew the term of a Mortgage Investment past its maturity, or to accrue the interest on a Mortgage Investment, in order to provide the borrower with increased repayment flexibility. The Manager generally will do so if it believes that there is a very low risk to the Trust of not being repaid the full principal and interest owing on the Mortgage Investment. In these circumstances, however, the Trust is subject to the risk that the principal and/or accrued interest of such Mortgage Investment may not be repaid in a timely manner or at all, which could affect the cash flows of the Trust during the period in which it is granting this accommodation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Trust may not recover all or substantially all of the principal and interest owed to the Trust in respect of such Mortgage Investment.

When a Mortgage Investment is extended past its maturity, it can either be held over on a month-to-month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the Mortgage Investment, the Manager has the ability to exercise its Mortgage Investment enforcement remedies in respect of the extended or renewed Mortgage Investment. In addition, as a result of potential declines in real estate values, in particular given the current economic environment, there is no assurance that the Trust will be able to recover all or substantially all of the outstanding principal and interest owed to the Trust in respect of such Mortgage Investment by exercising its Mortgage Investment enforcement remedies. Should the Trust be unable to recover all or substantially all of the principal and interest owed to the Trust in respect of such Mortgage Investment, the Net Asset Value of the Trust would be reduced, and the returns, financial condition and results of operations of the Trust could be adversely affected.

Foreclosure and Related Costs

One or more borrowers could fail to make payments according to the terms of their loans, and the Trust could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Trust's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Trust's rights as mortgagee. Legal fees and expenses and other costs incurred by the Trust in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable they will be borne by the Trust.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, Mortgage Investment payments, insurance costs and related charges must be made through the period of ownership of real property regardless of whether the property is producing income or whether Mortgage Investment payments are being made. The Trust may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honoring its contractual obligations.

Subordinate and Non-Conventional Financing

Subordinate financing (such as a second ranking Mortgage Investment), which may be carried on by the Trust, is generally considered a higher risk than first ranking financing. As such, mortgages will be secured by a charge, which may be in a first, but at times subsequent, ranking position upon or in the underlying real estate. When a charge on Real Property is in a position other than first ranking, it is possible for the holder of a prior charge on the Real Property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the Real Property in order to realize the security given for the loan. Such actions may include a foreclosure action, or an action forcing the Real Property to be sold. A foreclosure action may have the ultimate effect of depriving any person having other than a first ranking charge on the Real Property of the security of the Real Property. If an action is taken to sell the Real Property and sufficient proceeds are not realized from such sale to pay off all creditors who have prior charges on the Real Property, the holder of a subsequent charge may lose their investment or part thereof to the extent of such deficiency unless they can otherwise recover such deficiency from other property owned by the debtor.

AUDITORS

The Auditor of the Trust is KPMG LLP, whose address is 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3.

REGISTRAR AND TRANSFER AGENT

Trez Capital Limited Partnership acts as registrar and transfer agent for all transactions.

LEGAL AND TAX MATTERS

Certain legal matters relating to the issuance and sale of Units offered hereunder and certain matters relating to income tax matters will be passed upon on behalf of the Trust by Bennett Jones LLP.

CONTINUOUS REPORTING OBLIGATIONS TO INVESTORS

As the Trust is not a "reporting issuer" as defined in the *Securities Act* (British Columbia), the continuous reporting requirements of relevant securities laws do not generally apply to the Trust. The Trust will, however, on or before March 31 in each calendar year, provide to each Unitholder all information required to file Canadian income tax returns and will provide to each Unitholder annual audited financial statements, together with notice as to how the proceeds raised pursuant to this Offering Memorandum have been used, in accordance with Form 45-106F16.

RESALE RESTRICTIONS

The Units will be subject to a number of resale restrictions, including a restriction on trading. Investors will not be able to trade the securities unless they comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, an investor cannot trade the Units before the date that is 4 months and a day after the later of (i) the date the Trust became a reporting issuer in any province or territory of Canada; and (ii) the distribution date.

Unless permitted under securities legislation, an investor must not trade the Units without the prior written consent of the regulator in Manitoba unless:

(a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the Units which have been purchased and the regulator in Manitoba has issued a receipt for that prospectus; or

(b) the investor has held the securities for at least 12 months.

The regulator in Manitoba will consent to a trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

PURCHASERS' CONTRACTUAL AND STATUTORY RIGHTS OF ACTION

If you purchase these securities you will have certain rights, some of which are described below. For information about your right you should consult a lawyer.

Securities legislation in certain of the provinces of Canada provides investors (known as statutory rights), or requires investors to be provided (known as contractual rights) with, in addition to any other rights they may have at law, a remedy for rescission or damages where this Offering Memorandum and any amendment thereto contains a Misrepresentation; however, such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation. As used herein, except where otherwise specifically defined, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made. Purchasers of Units should refer to the applicable provisions of the securities legislation of their provinces for the particulars of these rights or consult with a legal advisor. The contractual rights of action described below will be provided to investors in their Subscription Agreements.

If you purchase these securities, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer. The following is a summary of the rights of the rescission or damages, or both, available to investors under the securities legislation of the provinces of Canada. Such rights will be expressly conferred upon investors in the Subscription Agreement to be executed by investors in connection with the offering of securities hereunder.

Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Manager by midnight on the second Business Day after you sign the agreement to buy the securities.

Rights for Investors in British Columbia

If an investor is (i) resident in British Columbia; (ii) not an "accredited investor", as defined in NI 45-106, and (iii) not purchasing, as principal, a sufficient number of Units such that the aggregate Subscription Price to the investor is not less than $150,000, then if there is a Misrepresentation in this Offering Memorandum, the investor will have a statutory right of action for damages against the Trust and every director of the Manager at the date of this Offering Memorandum and every person who signs this Offering Memorandum. The Trust has granted an identical contractual right of action in the Subscription Agreement to investors resident in British Columbia who are "accredited investors" or purchasing a sufficient number of Units such that the aggregate Subscription Price is not less than $150,000.

Alternatively, the investor may elect to exercise a right of rescission against the Trust in which case the investor will have no right of action for damages against the Trust or the Manager.

If applicable, the statutory right to sue is available to an investor whether or not the investor relied on the Misrepresentation. However, there are various defences available to the Trust and the Manager or entities that an investor have a right to sue, including if it can be proven that the investor knew of the Misrepresentation when the investor purchased the securities in an action for damages, the amount an investor may recover will not exceed the price that the investor paid for their securities and will not include any part of the damages that the Trust or the Manager prove does not represent the depreciation in value of the securities resulting from the Misrepresentation.

If an investor intends to rely on the rights described above, the investor must do so within strict time limitations. An investor must commence their action to cancel the agreement within 180 days after they signed the agreement to purchase the securities. The investor must commence their action for damages within the earlier of 180 days after learning of the Misrepresentation and 3 years after they signed the agreement to purchase the securities.

The foregoing summary is subject to the express provisions of the *Securities Act* (British Columbia) and the rules and the regulations thereunder and reference is made thereto for the complete text and provisions. Investors should refer to those provisions for the particulars of these rights or consult with a lawyer.

Rights for Investors in Alberta

If an investor is (i) resident in Alberta; (ii) not an "accredited investor", as defined in NI 45-106, and (iii) purchases the Units during the period of distribution, then they shall be deemed to have relied on a representation contained in this Offering Memorandum, if it was a Misrepresentation at the time of purchase, the investor shall have a right of action for damages against the Trust but may elect (while still the owner of any of the Units purchased) to exercise a right of rescission against the Trust, in which case they shall have no right of action for damages against the Trust, provided that:

(a) the Trust will not be held liable under this right of action if the Trust proves that the investor purchased the Units with knowledge of the Misrepresentation;

(b) in an action for damages, the Trust will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and

(c) in no case will the amount recoverable under this right of action exceed the price at which the Units were sold to the investor.

The Trust has granted an identical contractual right of action in the Subscription Agreement to investors resident in Alberta who are "accredited investors".

In Alberta, no action may be commenced to enforce such right of action unless the right is exercised:

(a) in the case of an action for rescission, not later than 180 days from the date the investor purchased the Units; or

(b) in the case of any action, other than an action for rescission, the earlier of: (A) 180 days from the day that the investor first had knowledge of the facts giving rise to the cause of action, or (B) one year from the day the investor purchased the Units.

The foregoing summary is subject to the express provisions of the *Securities Act* (Alberta) and the rules and regulations thereunder and reference is made thereto for the complete text and provisions. If an investor is resident in Alberta, they should refer to those provisions for the particulars of these rights or consult with a legal adviser.

Rights for Investors in Ontario

If this Offering Memorandum, together with any amendment hereto, delivered to an investor of Units resident in Ontario contains a Misrepresentation and it was a Misrepresentation at the time of purchase of the Units by such investor, the investor will be deemed to have relied upon the Misrepresentation and will, as provided below, have a right of action against the Trust for damages or, while still the owner of the Units purchased by that investor, for rescission, in which case, if the investor elects to exercise the right of rescission, the investor will have no right of action for damages against the Trust, provided that:

(a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives notice to the Trust, not later than 180 days for investors resident in Ontario, after the date on which the payment is made for the Units (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right; and, with respect to investors resident in Ontario an action is commenced to enforce such right (i) in the case of an action for rescission not more than 180 days after the date of purchase; or (ii) in the case of an action for damages not more than the earlier of 180 days following the date the investor first had knowledge of the Misrepresentation or three years after the date of purchase;

(b) the Trust will not be liable if it proves that the investor purchased the Units with knowledge of the Misrepresentation;

(c) in the case of an action for damages, the Trust will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;

(d) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the investor; and

(e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Rights for Investors in Saskatchewan

The *Securities Act, 1988* (Saskatchewan) provides that if this Offering Memorandum or any amendment hereto contains a Misrepresentation, a purchaser of Units pursuant to this Offering Memorandum is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a statutory right of action for damages or rescission against the Trust and a statutory right of action for damages against every promoter and director of the Trust at the time this Offering Memorandum or any amendment hereto was sent or delivered, every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them, every person who or company that signed this Offering Memorandum or any amendment hereto and every person who or company that sells Units on behalf of the Trust under this Offering Memorandum or any amendment hereto. These rights of action are subject to certain limitations, including that:

(a) no person or company will be liable if it proves that the investor purchased the Units with knowledge of the Misrepresentation; and

(b) in an action for damages, no person or company will be liable for all or any portion of the damages that they prove do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

The Securities Act, 1988 (Saskatchewan) also provides that where any advertising or sales literature (as such terms are defined therein) disseminated in connection with the offering of Units contains a Misrepresentation, a purchaser who purchases Units referred to in that advertising or sales literature is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a statutory right of action for damages or rescission against the Trust and a statutory right of action against every promoter or director of the Trust at the time the advertising or sales literature was disseminated and every person who or company that, at the time the advertising or sales literature was disseminated, sells Units on behalf of the Trust in the Offering with respect to which the advertising or sales literature was disseminated. These rights of action are subject to certain limitations, including that:

(a) no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation; and

(b) in an action for damages, no person or company will be liable for all or any portion of the damages that they prove do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

In addition, *The Securities Act, 1988* (Saskatchewan) provides that, where an individual makes a verbal statement to a prospective investor of Units that contains a Misrepresentation relating to the Units and the verbal statement is made either before or contemporaneously with the purchase of the Units, the investor is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a statutory right of action for damages against the individual who made the verbal statement. This right is subject to certain limitations, including:

(a) no individual will be liable if they prove that the investor purchased the Units with knowledge of the Misrepresentation; and

(b) in an action for damages, no individual will be liable for all or any portion of the damages that they prove do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

An investor of Units from a vendor trading in contravention of *The Securities Act, 1988* (Saskatchewan), the regulations thereunder or a decision of the Saskatchewan Securities Commission may elect to void the contract and to recover all monies or other consideration paid by him to the vendor pursuant to such trade.

An investor of Units to whom this Offering Memorandum or any amendment hereto was not delivered prior to such purchase has a right of action for rescission or damages against the Trust or any dealer who failed to deliver this Offering Memorandum or any amendment hereto prior to such purchase.

No action to enforce the foregoing rights may be commenced:

(a) in the case of an action for rescission, more than 180 days after the date of purchase of the Units; or

(b) in the case of an action for damages, more than the earlier of:

(i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of purchase of the Units.

Rights for Investors in Manitoba

Securities legislation in Manitoba provides that investors of Units pursuant to this Offering Memorandum shall have, in addition to and without derogation from any other right or remedy they may have at law, the following contractual right of action for damages and/or rescission against the Trust if this Offering Memorandum or any amendment hereto contains a Misrepresentation. However, such rights must be exercised within the prescribed time limits described below.

Each investor of Units pursuant to this Offering Memorandum will not be bound by the contract for the purchase of the Units if the person or company from whom the Units were purchased or their agent receives written or telegraphic notice evidencing the investor's intention not to be bound not later than midnight on the second Business Day after receipt or deemed receipt by the investor or their agent of this Offering Memorandum and has the right to rescind the contract for the purchase of the Units, while the holder thereof, if this Offering Memorandum or any amendment hereto, as of the date of receipt or deemed receipt, contains a Misrepresentation. No action to enforce this right may, however, be commenced by the investor after the expiration of the later of (i) 180 days from the date of receipt or deemed receipt of this Offering Memorandum or any amendment hereto by the investor or any agent of the investor, or (ii) the date of the contract for the purchase of the Units.

In the event that this Offering Memorandum or any amendment hereto contains a Misrepresentation, the investor also has a right of action for damages against every person or company who signed either of the certificates required in this Offering Memorandum and against every director who, on the date this Offering Memorandum or any amendment hereto was signed, was a director of the person or company who signed such certificates for any loss or damage that the investor has sustained as a result of the purchase of the security, unless it is proved:

(a) that this Offering Memorandum or any amendment hereto was delivered to the investor without the director's knowledge or consent;

(b) that, after the delivery of this Offering Memorandum to the investor and before the purchase of the Units by the investor, on becoming aware of any false statement in this Offering Memorandum or any amendment hereto, the director withdrew their consent to the delivery of this Offering Memorandum to prospective investors and gave reasonable public notice of such withdrawal and of the reason therefore;

(c) that, with respect to every false statement, the director has reasonable grounds to believe and did believe that the statement was true;

(d) that where such false statement was that of any expert, the director had no reasonable grounds to believe that the expert who made the statement in this Offering Memorandum or any amendment hereto or whose report or valuation was produced or fairly summarized therein was not competent to make such statement, valuation or report; or

(e) that, with respect to every false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy or extract from the document;

but no action to enforce these rights of action for damages against signatories of certificates in this Offering Memorandum or their directors may be commenced by the investor within the earlier of 180 days after learning of the Misrepresentation and two years after the investor signed the agreement to purchase the Units.

Rights for Investors in New Brunswick

Where this Offering Memorandum contains a Misrepresentation, an investor who purchases the Units offered by this Offering Memorandum during the period of distribution shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and, the investor has a right of action for damages or rescission against the Trust. If the investor elects to exercise a right of rescission against the Trust, then the investor shall have no right of action for damages against the Trust.

No person or company is liable if the person or company proves that the investor purchased the Units with knowledge of the Misrepresentation.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the Units resulting from the Misrepresentation.

In no case shall the amount recoverable exceed the price at which the Units were offered.

In the case of an action for rescission, no action may be commenced more than 180 days from the day of the transaction that gave rise to the cause of action. In the case of an action for damages, no action may be commenced more than the earlier of: (i) 1 year from the day that the investor first had knowledge of the facts giving rise to the cause of action, or (ii) 6 years from the day of the transaction that gave rise to the cause of action.

Rights for Investors in Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) provides that if this Offering Memorandum, together with any amendment thereto, or any record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) in respect of the Units, contains a Misrepresentation, any investor to whom this Offering Memorandum is sent or delivered who purchases the Units referred to in this Offering Memorandum, or such amendment or record, and any investor who purchases Units referred to in such advertising or sales literature, is deemed to have relied on that Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject as hereinafter provided, a statutory right of action for damages against the Trust at the date of this Offering Memorandum, and subject to additional defences against the directors of the Trust and every person who signed this Offering Memorandum (and the liability of such persons and companies is joint and several with respect to the same cause of action), or the investor may elect instead to exercise a statutory right of rescission against the Trust in which case the investor has no right of action for damages against the Trust at the date of this Offering Memorandum, any director or any person who signed this Offering Memorandum, provided that:

(a) no action shall be commenced to enforce the right of rescission or damages created under Section 138 of the *Securities Act* (Nova Scotia) more than 120 days after the date payment was made for the Units (or after the date on which initial payment was made for the Units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person or company is liable under Section 138 of the *Securities Act* (Nova Scotia) if the person or company proves that the investor purchased the Units with knowledge of the Misrepresentation;

(c) no person or company, other than the Trust, is liable under Section 138 of the *Securities Act* (Nova Scotia) if the person or company proves that:

(i) this Offering Memorandum, or the amendment to this Offering Memorandum, was sent or delivered to the investor without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this Offering Memorandum, or the amendment thereto and before the purchase of the Units by the investor, on becoming aware of any Misrepresentation in this Offering Memorandum, or the amendment thereto, or any record incorporated or deemed incorporated by reference herein, the person or company withdrew the person's or company's consent to this Offering Memorandum, or amendment to this Offering Memorandum, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this Offering Memorandum, or amendment thereto, or any record incorporated or deemed to be incorporated by reference herein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or that the relevant part of this Offering Memorandum, or amendment thereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Trust, is liable under Section 138 of the *Securities Act* (Nova Scotia) with respect to any part of this Offering Memorandum, or amendment thereto or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed that there had been a Misrepresentation;

(e) in an action for damages under Section 138 of the *Securities Act* (Nova Scotia), the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the Units resulting from the Misrepresentation;

(f) the amount recoverable by a plaintiff under Section 138 of the *Securities Act* (Nova Scotia) may not exceed the price at which the Units were offered under this Offering Memorandum or amendment thereto.

General

The foregoing summaries are subject to the express provisions of the *Securities Act* (British Columbia), the *Securities Act* (Alberta), the *Securities Act* (Ontario), *The Securities Act, 1988* (Saskatchewan), the *Securities Act* (Manitoba), the *Securities Act* (New Brunswick) and the *Securities Act* (Nova Scotia), and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described herein are in addition to and without derogation from any other right or remedy that the investor may have at law.

This Offering Memorandum may include a report and/or statement by solicitors and auditors, including but not limited to statements regarding income tax considerations and the financial statements attached hereto. You do not have a statutory right of action against these parties for a misrepresentation in the Offering Memorandum. You should consult with a legal adviser for further information.

FINANCIAL STATEMENTS

Attached to this Offering Memorandum are the audited financial statements of the Trust for the year ended December 31, 2023 and for the year ended December 31, 2022 and unaudited financial statements for the Trust for the nine months ended September 30, 2024.

Consolidated Financial Statements
(Expressed in thousands of Canadian dollars)

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Trez Capital Private Real Estate Fund Trust

Opinion

We have audited the consolidated financial statements of Trez Capital Private Real Estate Fund Trust (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of comprehensive income (loss) for the year then ended
- the consolidated statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 29, 2024

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Consolidated Statement of Financial Position
(Expressed in thousands of Canadian dollars)

December 31, 2023, with comparative information for 2022

	Notes	2023	2022
Assets			
Cash and cash equivalents		$ 18,030	$ 5,683
Margin deposits	5	-	2,570
Foreign currency derivative assets	5	1,533	-
Subscriptions receivables	6	1,892	2,518
Due from related parties	7	-	15
Investments held at fair value	4	133,939	103,963
		$ 155,394	$ 114,749
Equity			
Accumulated other comprehensive income		$ 52	$ 47
Liabilities and Net Assets Attributable To Holders of Redeemable Units			
Accounts payable and accrued liabilities		800	455
Foreign currency derivative liabilities	5	-	2,333
Redemptions payable	6	81	-
Due to related parties	7	594	4,464
Deferred tax liability	8	3,779	3,353
		5,254	10,605
Redeemable units, representing net assets attributable to holders of redeemable units	6	150,088	104,097
		$ 155,394	$ 114,749

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board of the General Partner of the Manager,
Trez Capital Fund Management Limited Partnership:

(Signed) "John Maragliano"
Director

(Signed) "Dean Kirkham"
Director

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Consolidated Statement of Comprehensive Income (Loss)
(Expressed in thousands of Canadian dollars)

Year ended December 31, 2023, with comparative information for 2022

	Notes	2023	2022
Revenue:			
Interest income		$ 566	$ 657
Early redemption charge	6	65	-
		631	657
Expenses:			
Management fees	7	1,925	887
Acquisition fees	7	91	3,542
Exit fee	7	28	-
Commissions		475	546
Foreign exchange loss (gain)		226	(84)
General and administrative		1,223	854
Manager's participating interest	6	3,267	2,328
		7,235	8,073
		(6,604)	(7,416)
Fair value gain on investments held at fair value	4	6,138	17,672
Income (loss) before income taxes		(466)	10,256
Income tax expense:			
Deferred income tax expense	8	(509)	(3,344)
Net income (loss) attributable to holders of redeemable units		(975)	6,912
Other comprehensive income		5	25
Total comprehensive income (loss) attributable to holders of redeemable units		$ (970)	$ 6,937

The accompanying notes are an integral part of these consolidated financial statements.

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in thousands of Canadian dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	$ 104,097	$ 47,831
Net income (loss) attributable to holders of redeemable units	(975)	6,912
Contributions and redemptions by holders of redeemable units:		
Issuance of units	45,497	47,026
Manager's participating interest vested	3,267	2,328
Redemption of units	(1,798)	-
Balance, end of year	$ 150,088	$ 104,097

The accompanying notes are an integral part of these consolidated financial statements.

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Consolidated Statement of Cash Flows
(Expressed in thousands of Canadian dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net income (loss) attributable to holders of redeemable units	$ (975)	$ 6,912
Items not involving cash:		
Unrealized foreign exchange (gain) loss	(3,861)	2,511
Fair value gain on investments held at fair value	(6,138)	(17,672)
Deferred tax expense	426	3,353
Manager's participating interest vested	3,267	2,328
Changes in operating working items:		
Margin deposits	2,570	(1,840)
Change in due to related parties	(3,870)	1,522
Accounts payable and accrued liabilities	345	264
	(8,236)	(2,622)
Investing activities:		
Funding of investments held at fair value	(23,838)	(47,889)
Change in due from related parties	15	(15)
	(23,823)	(47,904)
Financing activities:		
Issuance of units	46,123	52,656
Redemption of units	(1,717)	-
	44,406	52,656
Increase in cash and cash equivalents	12,347	2,130
Cash and cash equivalents, beginning of year	5,683	3,553
Cash and cash equivalents, end of year	$ 18,030	$ 5,683

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of business:

Trez Capital Private Real Estate Fund Trust (the "Trust") is an open-ended investment trust established under the laws of British Columbia pursuant to a Declaration of Trust dated June 2, 2021 and amended and restated as of August 12, 2021 and April 29, 2022.

The principal purpose of the Trust is to enhance the value of its investments and thereby maximize the long-term value of and cash distributable to units held by investors in the Trust. The Trust plans to achieve its business objectives primarily by using the platform and expertise of the Trez Capital Fund Management LP (the "Manager") to source strategic real property investment opportunities through joint ventures with real estate developers. After real property has been either developed or improved to maximize its cash flow and value, the Trust will generally maintain these assets as long-term hold investments - a "Built-to-Hold" strategy to maximize the long-term value of the units.

TPREF Holdings Limited is the Trust's trustee (the "Trustee"). Pursuant to the Declaration of Trust, the legal ownership of the Trust's property is vested in the Trustee and the Trust Unitholders' beneficial interest in the Trust is represented by units. The affairs and administration of the Trust are managed by the Manager.

The principal place of business of the Trust is located at 1700 - 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements of the Trust have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Governors on April 29, 2024.

(b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis, except for margin deposits, foreign currency derivative assets, investment held at fair value and foreign currency derivative liabilities which are measured at fair value.

(c) Functional and presentation currency:

The Trust's functional currency is the US dollar. Foreign currency monetary assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date.

The Trust is using the Canadian dollar as its presentation currency. All assets and liabilities are translated using the exchange rate at the reporting date. Revenue and expenses are translated using the average rate for the year. Equity accounts are translated using the historical rate. The translation differences from the Trust's functional currency of US dollars to the presentation currency of Canadian dollars are recorded in other comprehensive income.

2. Basis of preparation (continued):

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

In making estimates, the Manager relies on external information and observable inputs where possible, supplemented by internal analysis as required. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in these consolidated financial statements are related to investment held at fair value.

(*i*) Investments held at fair value:

The investment held at fair value relates to an investment in Trez Capital Private Real Estate Fund US Master LP, which invests in real estate development projects. Judgement is applied in assessing whether the Trust exercises control, joint control, significant influence or none of the above over the investment. Control is defined as the power to govern the financial and operating decisions of an entity so as to obtain benefits from its activities, and significant influence is defined as the power to participate in the financial and operating decisions of the entities. The Trust has determined that it has neither control, joint control or significant influence as the Trust has no ability to control or influence any of the relevant activities of the investment and has therefore measured the investment at fair value in accordance with IFRS 9.

The Trust estimates the value of this investment based on the latest net asset value of Trez Capital Private Real Estate Fund US Master LP.

(*ii*) Investments in real estate development projects:

These financial statements reflect appraisals of real estate development projects each of which requires significant assumptions and judgments relating to macroeconomic and local market conditions as well as property specific information. Such appraisals are scheduled at least annually and may not occur as at December 31. As a result, the calculation of values will involve significant professional judgment, the use of assumptions, and reliance on various data which may result in a valuation that may be materially different from the value realized on the investment. In addition, there could be conditions that exist that make it more difficult to obtain accurate valuations at certain times including periods between appraisals.

3. Material accounting policy information:

Effective January 1, 2023, the Trust adopted the amendments to IAS 1 Presentation of Financial Statements and the updated guidance under IFRS Practice Statement 2 Making Materiality Judgements. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except where otherwise mentioned:

(a) Basis of presentation:

The consolidated financial statements comprise the financial statements of the Trust and subsidiaries controlled by the Trust. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

The Trust owns and consolidates the following material subsidiaries:

	Province of Registration	Percentage of ownership
Trez Capital Private Real Estate Fund Sub Trust	British Columbia	100%

The Trust has an interest in the wholly owned Trez Capital Private Real Estate Fund Sub Trust, which has an investment in the Trez Capital Private Real Estate Fund US Master LP. This interest held by Trez Capital Private Real Estate Fund Sub Trust is accounted for at fair value.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash held at financial institutions and cash equivalents include securities with maturities of three months or less when purchased.

(c) Margin deposits:

Margin deposits relate to deposits made on foreign currency swap transactions.

(d) Redeemable units:

All units of the Trust are redeemable at the Unitholder’s option and accordingly are classified as financial liabilities and presented as “redeemable units, representing net assets attributable to holders of redeemable units” in the consolidated statement of financial position.

(e) Revenue recognition:

Interest income is recognized in the consolidated statement of comprehensive income (loss) on an effective interest rate basis.

3. Material accounting policy information (continued):

(f) Foreign currency translation:

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the average rate of exchange prevailing for the period.

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange as at the date of the consolidated financial statements.

(g) Financial instruments:

(i) Recognition, classification and measurement of financial assets and liabilities:

Under IFRS 9, on initial recognition, a financial asset is measured at fair value and subsequently classified as measured at: amortized cost; fair value through other comprehensive income (“FVOCI”); or fair value through profit or loss (“FVTPL”). The classification of financial assets that are debt instruments under IFRS 9 are generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Equity instruments are measured at FVTPL unless an election is made to measure at FVOCI.

Financial liabilities are recognized initially at fair value and are subsequently classified as other financial liabilities or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Trust has classified its financial instruments as follows:

	Classification
Financial assets:	
Cash and cash equivalents	Amortized cost
Margin deposits	FVTPL
Foreign currency derivative assets	FVTPL
Subscriptions receivables	Amortized cost
Due from related parties	Amortized cost
Investments held at fair value	FVTPL
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost
Foreign currency derivative liabilities	FVTPL
Redemptions payable	Amortized cost
Due to related parties	Amortized cost
Redeemable units, representing net assets attributable to holders of redeemable units	Amortized cost

3. Material accounting policy information (continued):

(g) Financial instruments (continued):

(*ii*) Derecognition of financial assets and liabilities:

(A) Financial assets:

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when the Trust neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial assets. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Trust is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of: (i) the consideration received (including any new asset obtained less any new liability assumed); and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in the consolidated statement of comprehensive income (loss).

(B) Financial liabilities:

The Trust derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expired.

(h) Accumulated other comprehensive income:

Accumulated other comprehensive income represents the cumulative translation adjustment of foreign operations whose functional currency is in US dollars.

(i) Income taxes:

(*i*) Current tax:

The Trust holds an investment at fair value based in the US, which invests in real estate projects. Certain of these investments are required to pay income taxes to the US Internal Revenue Service and various State Department of Revenue based on a determination of taxable income for US tax purposes. Accordingly, current income tax recognized in the consolidated statement of comprehensive income (loss) is based on the subsidiary's US taxable income for the year. Current tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Trust is a mutual fund trust under the *Income Tax Act* (Canada). The Trust allocates to its Unitholders taxable income including taxable capital gains that would otherwise attract Canadian tax in the Trust. Accordingly, no provision for Canadian income taxes is reflected in its financial statements.

3. Material accounting policy information (continued):

(i) Income taxes:

(*i*) Current tax (continued):

For purposes of the Income Tax Act (Canada), the Trust is required to compute its Canadian tax results in Canadian currency. Where an amount that is relevant in computing the Trust's Canadian tax results is expressed in US dollars, such amount must be converted to Canadian currency, generally using the rate of exchange on the day such amount arose. As a result, the Trust may realize gains and losses for tax purposes by virtue of the fluctuation of the value of the US dollar relative to the Canadian dollar.

Any net gain realized by or allocated to the Trust for a particular taxation year will be payable to Unitholders and thus will be required to be included in computing Unitholders' income for Canadian tax purposes. The Trust intends to distribute at least 100% of the Trust's taxable income including capital gains for each tax year.

(*ii*) Deferred:

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the trust is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are first assessed based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognizes a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries of the Trust. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantively enacted tax rates that are expected to be in effect when the underlying items are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred income taxes are only recognized with respect to US tax assets and liabilities.

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

3. Material accounting policy information (continued):

(j) New standards adopted effective January 1, 2023:

(i) Definition of accounting estimates:

On February 12, 2021, the IASB published Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors) to help entities to distinguish between accounting policies and accounting estimates. The amendments introduce a new definition for accounting estimates by clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments were effective and adopted by the Trust on January 1, 2023. The amendments had no material effect on the Trust's consolidated financial statements as at and for the year ended December 31, 2023.

(ii) Disclosure of accounting policies:

In February 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The amendments to IAS 1 require companies to disclose their material accounting policies rather than their significant accounting policies. The amendments were effective and adopted by the Trust on January 1, 2023. The amendments had no material effect on the Trust's consolidated financial statements as at and for the year ended December 31, 2023.

(k) Standards issued but not yet effective:

As at December 31, 2023, a number of standards and amendments to standards had been issued by the IASB but are not yet effective for these consolidated financial statements. None of these standards or amendments to standards are considered relevant to the Trust's consolidated financial statements.

4. Investments held at fair value:

The summary below lists the Trust's investments held at fair value, their name, type and percentage of ownership:

	Balance, December 31 2022	Additions to investments	Unrealized change in fair value	Balance, December 31, 2023
Trez Capital Private Real Estate Fund US Master LP	$ 103,963	$ 23,838	$ 6,138	$ 133,939
	$ 103,963	$ 23,838	$ 6,138	$ 133,939

	Balance, December 31, 2021	Additions to investments	Unrealized change in fair value	Balance, December 31, 2022
Trez Capital Private Real Estate Fund US Master LP	$ 38,402	$ 47,889	$ 17,672	$ 103,963
	$ 38,402	$ 47,889	$ 17,672	$ 103,963

4. Investments held at fair value (continued):

During the year ended December 31, 2023, the Trust held an investment in Trez Capital Private Real Estate Fund US Master Limited Partnership through its wholly owned subsidiary, Trez Capital Private Real Estate Fund Sub Trust. As at December 31, 2023, Trez Capital Private Real Estate Fund Sub Trust holds an 85.6% (2022 - 82.9%) interest in Trez Capital Private Real Estate Fund US Master Limited Partnership.

Trez Capital Private Real Estate Fund US Master Limited Partnership is a Limited Partnership domiciled in the US. Trez Capital Private Real Estate Fund US Master Limited Partnership was created to invest directly in real estate projects in the US as well as various Aggregator Limited Partnerships created by the Manager to hold a pool of real estate projects of a similar nature or with the same development partner.

5. Foreign currency derivatives and margin deposits:

The Trust has put in place steps to mitigate the impacts from fluctuations in foreign exchange as the Trust has entered into foreign exchange contracts to manage most of its foreign exchange exposure. As at December 31, 2023, the Trust was participating in forward exchange contracts to buy Canadian dollars totaling $134,000 (2022 - $85,810) with settlement dates during the year ended December 31, 2024. The foreign currency derivatives are marked-to-market on the statement of financial position and the fair value as at December 31, 2023 results in an asset of $1,533 (2022 - liability of $2,333). The foreign currency derivatives are entered directly by the Trust with third party financial institutions.

As at December 31, 2023, we have nil (2022 - $2,570) margin deposit on foreign exchange contracts, which is considered a restricted cash balance.

6. Redeemable units, representing net assets attributable to holders of redeemable units:

Net assets are represented by the redeemable units issued and outstanding. As at December 31, 2023, the Trust has authorized an unlimited number of redeemable non-transferable $100 units. Unitholders are entitled to one vote per unit. The units are retractable on demand by the Unitholder.

Redemptions of units that occur within two years after issuance of such units will be subject to an Early Redemption Charge by the Trust. The Early Redemption Charge is paid to the Trust and is not a fee received by the Manager. The Early Redemption Charge is calculated as a percentage of the Redemption Price of the units being redeemed and applies as follows:

- Redemptions within the first year after issuance will be subject to an early redemption charge of 10% of the Redemption Price; and
- Redemptions within the second year after issuance will be subject to an early redemption charge of 5% of the Redemption Price

During the year ended December 31, 2023, the Trust received an Early Redemption Charge of $65 (2022 - nil).

On April 30, 2022, the Trust introduced a new Series A Unit. Series A units are similar to Series F units, but the Manager charges Series A Unitholders an additional 1.00% annual trailer fee, which is paid to Unitholders' advisors.

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

6. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

The Declaration of Trust provides for the issuance of one Series Manager Unit to the Manager on the date of the first unit issuance, which will entitle the Manager to the distribution payment, redemption proceed rights and income allocation as described below. The Series Manager Unit represents an equity interest in the Trust and once fully vested, will entitle the Manager to receive: (i) 5% of any distributions made by the Trust to its Unitholders; and (ii) 5% of the proceeds of any Redemption amounts paid to Unitholders. This feature is referred to as the Manager’s participating interest.

The Manager’s participating interest will vest monthly over a three-year period from the date the Series Manager Unit is issued, such that a total of 2% will vest by the end of the first year, 2% will vest by the end of the second year for an aggregate of 4%, and the final 1% will vest by the end of the third year. At the end of the three-year period, the Manager will have a 5% equity interest in the Trust and will therefore be entitled to receive 5% of any distributions and 5% of any Redemption proceeds. As at December 31, 2023, $6,011 (2022 - $2,743) is vested as the Manager’s participating interest.

The Series Manager Unit will also be entitled to the number of votes that equates the total percentage voting power of the Series Manager Unit based on all outstanding Units from time to time to the vested percentage of the Manager’s participating interest at such time. For instance, once the Manager’s participating interest has fully vested after 35 months, the number of votes attaching to the Series Manager Unit will be equal to 5% of the total combined voting power of all outstanding Units from time to time.

During the year ended December 31, 2023, the Manager received $45 (2022 - nil) of participating interest from redemptions proceeds.

The Manager will share in the Taxable Income of the Trust through its Series Manager Unit based on the portion of the Manager’s participating interest vested from time to time. Through the Series Manager Unit, the Manager will receive up to a 5% equity interest based on the Net Asset Value of the Trust instead of a traditional carried interest model that allocates a percentage of profits to the Manager over a specified hurdle rate. The Trust made no cash distributions to Unitholders during the year ended December 31, 2023, including to the Manager in respect of the Series Manager Unit.

As at December 31, 2023, $1,892 of subscriptions were receivable (2022 - $2,518) and $81 of redemptions were payable (2022 - nil). These amount are shown as subscriptions receivables and redemptions payable in the consolidated statement of financial position.

	2023			2022		
Series F units	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	364	$	41,613	195	$	18,670
Increase (decrease) in net assets	-		(489)	-		2,761
Units issued	345		41,152	169		20,182
Units transferred between classes	(52)		(6,050)	-		-
Units redeemed	(12)		(1,419)	-		-
Issued and outstanding, end of year	645		74,807	364		41,613
Accumulated other comprehensive income	-		26	-		19
	645	$	74,833	364	$	41,632

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

6. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

	2023			2022		
Series I units	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	541	$	55,758	300	$	28,766
Increase (decrease) in net assets	-		(402)	-		3,712
Units issued	12		1,209	241		23,280
Units transferred between classes	52		6,050	-		-
Units redeemed	(3)		(380)	-		-
Issued and outstanding, end of year	602		62,235	541		55,758
Accumulated other comprehensive income	-		22	-		25
	602	$	62,257	541	$	55,783

	2023			2022		
Series A units	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	33	$	3,813	-	$	-
Increase (decrease) in net assets	-		(44)	-		248
Units issued	26		3,136	33		3,565
Units redeemed	-		-	-		-
Issued and outstanding, end of year	59		6,905	33		3,813
Accumulated other comprehensive income	-		2	-		2
	59	$	6,907	33	$	3,815

	2023			2022		
Manager’s participating interest	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	1	$	2,914	1	$	395
Increase (decrease) in net assets	-		(40)	-		191
Manager’s participating interest vested	-		3,267	-		2,328
Issued and outstanding, end of year	1		6,141	1		2,914
Accumulated other comprehensive income			2	-		1
	1	$	6,143	1	$	2,915

	2023			2022		
Total	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	937	$	104,097	495	$	47,831
Increase (decrease) in net assets	-		(975)	-		6,912
Units issued	384		45,497	442		47,026
Units redeemed	(15)		(1,798)	-		-
Manager’s participating interest vested	-		3,267	-		2,328
Issued and outstanding, end of year	1,306		150,088	937		104,097
Accumulated other comprehensive income	-		52	-		47
	1,306	$	150,140	937	$	104,144

7. Related party transactions and balances:

Related party transactions that are not disclosed elsewhere in these consolidated financial statements are as follows:

(a) Management, acquisition and exit fees:

(i) Management fee:

Pursuant to the terms and conditions of the Trust Agreement, the Manager is entitled to receive from the Trust:

(A) a cumulative annual amount equal to 1.50% of the Net Asset Value of the Series F Units, as calculated and payable on a quarterly basis.

(B) a cumulative annual amount equal to 1.15% of the Net Asset Value of the Series I Units, as calculated and payable on a quarterly basis.

(C) a cumulative annual amount equal to 2.50% of the Net Asset Value of the Series A Units, as calculated and payable on a quarterly basis.

Initial investors of the Trust that purchased Units in the first $45,000,000 of Units subscribed for by investors and accepted by the Trust on or before November 30, 2021 were not charged a Management Fee for one year from September 1, 2021.

During the year ended December 31, 2023, the Trust incurred Management Fees of $1,925 (2022 - $887).

(ii) Acquisition fee:

Pursuant to the terms and conditions of the Trust Agreement, the Manager is entitled to receive from the Trust an amount equal to:

(A) in the case of stabilized real property acquired by the Trust, 1.0% of the purchase price (including any closing costs and fees) of such property.

(B) in the case of either ground up construction or value add real property, 1.0% of the pro forma cost of such real estate project.

(C) 1.0% of the capital committed to any other investment, such as mezzanine loans, equity investments, real estate company financings or mortgage investments made by the Trust, in each case, multiplied by the percentage interest held by the Trust in the investment as contemplated by the limited partnership agreement or other similar agreement or document entered into with the applicable investment entity at the time of acquisition or capital commitment.

During the year ended December 31, 2023, the Trust incurred acquisition fees of $91 (2022 - $3,542).

7. Related party transactions and balances (continued):

(a) Management, acquisition and exit fees (continued):

(*iii*) Exit fees:

Pursuant to the terms and conditions of the Trust Agreement, the Manager is entitled to receive an amount equal to 0.5% of the gross sale price of any property (in the case of real property or equity investments) sold by the Trust from its investment portfolio, multiplied by the percentage ownership interest held in the investment by the Trust at the time of sale.

During the year ended December 31, 2023, the Trust incurred exit fees of $28 (2022 - nil).

(b) Transfer of investments from related party:

The Trust generally invests in an interest in a real estate project at the time that it is funded. However, at any time during the term of the investment, it may acquire an interest from or sell its interest to parties related to the Manager. Purchases from and sales to related parties are transacted at unpaid principal plus accrued interest due at the date of the transaction, which in the opinion of the Manager, represents the estimated fair values of the related investments.

During the year ended December 31, 2023, the Trust transferred investments of $4,539 (2022 - nil) to related parties.

(c) Co-investment in real estate projects and investment held at fair value:

Virtually all of the investments were co-invested with entities related to the Manager.

The Trust, through its wholly owned subsidiary, Trez Capital Private Real Estate Fund Sub Trust, has co-invested in an investment held at fair value, Trez Capital Private Real Estate Fund US Master Limited Partnership, with entity related to the Manager. As at December 31, 2023, the Trust holds an 85.6% (2022 - 82.9%) interest with the remaining 14.4% (2022 - 17.1%) held by the related entity.

(d) Consulting fees:

For the year ended December 31, 2023, Trez Capital Private Real Estate Fund US Master Limited Partnership and its wholly owned subsidiaries incurred, through underlying operating partnerships, consulting fees of US $109 (2022 - US $2,271) paid to an entity related to the Manager.

(e) Other related party balances:

As at December 31, 2023, there was amounts due to related parties of $594 (2022 - $4,464) which includes sales commissions and management fee payable to the Manager of $188 (2022 - $350), acquisition fees payable to the Manager of nil (2022 - $3,707), and short-term advance from Trez Capital Private Real Estate Fund US Master LP of $406 (2022 - $407). Amounts due from related parties as at December 31, 2023 were nil (2022 - $15).

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

8. Income taxes:

For the year ended December 31, 2023, the Trust has recorded deferred tax expense of $509 (2022 - $3,344). As at December 31, 2023, the Trust had a deferred tax liability of $3,779 (2022 - $3,353).

Movements in deferred tax balances are as follows:

	Net balance, December 31, 2022	Recognized in profit or loss	Recognized in OCI	Net balance December 31, 2023
Investments held at fair value	$ (4,232)	$ (5,282)	$ 162	$ (9,352)
Startup Cost	30	(8)	(1)	21
Acquisition Fees	-	768	(10)	758
Net operating loss	849	4,013	(68)	4,794
Tax assets (liabilities) before set-off	(3,353)	(509)	83	(3,779)
Tax assets (liabilities)	$ (3,353)	$ (509)	$ 83	$ (3,779)

	Net balance, December 31, 2021	Recognized in profit or loss	Recognized in OCI	Net balance December 31, 2022
Investments held at fair value	$ -	$ (4,220)	$ (12)	$ (4,232)
Startup Cost	-	29	1	30
Net operating loss	-	847	2	849
Tax assets (liabilities) before set-off	-	(3,344)	(9)	(3,353)
Tax assets (liabilities)	$ -	$ (3,344)	$ (9)	$ (3,353)

9. Fair value measurement:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date.

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Trust's assets or liabilities that are measured at fair value or for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurement") and the lowest priority to unobservable inputs ("Level 3 measurements").

The three levels of the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities ("Level 1");
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

9. Fair value measurement (continued):

	Carrying value		
December 31, 2023	Amortized cost	FVTPL	Fair value
Financial assets not measured at fair value:			
Cash and cash equivalents	$ 18,030	$ -	18,030
Subscriptions receivables	1,892	-	1,892
Financial assets measured at fair value:			
Foreign currency derivative assets (Level 2)	-	1,533	1,533
Investments held at fair value (Level 3)	-	133,939	133,939
Financial liabilities not measured at fair value:			
Accounts payable and accrued liabilities	800	-	800
Redemption payable	81	-	81
Due to related parties	594	-	594

	Carrying value		
December 31, 2022	Amortized cost	FVTPL	Fair value
Financial assets not measured at fair value:			
Cash and cash equivalents	$ 5,683	$ -	5,683
Subscriptions receivables	2,518	-	2,518
Due from related parties	15	-	15
Financial assets measured at fair value:			
Margin deposits (Level 2)	-	2,570	2,570
Foreign currency derivative assets (Level 2)	-	-	-
Investments held at fair value (Level 3)	-	103,963	103,963
Financial liabilities not measured at fair value:			
Accounts payable and accrued liabilities	455	-	455
Due to related parties	4,464	-	4,464
Financial liabilities measured at fair value:			
Foreign currency derivative liabilities (Level 2)	-	2,333	2,333

There were no transfers between Level 1, Level 2 and Level 3 during the years ended December 31, 2023 and 2022.

The valuation techniques and inputs used for the Trust’s financial instruments are as follows:

(a) Investment held at fair value:

The Trust’s investment recorded at fair value was initially valued at the net asset value of Trez Capital Private Real Estate Fund US Master Limited Partnership at the investment date. The Investment is revalued monthly based on the underlying fair value methodology of Trez Capital Private Real Estate Fund US Master Limited Partnership.

A reconciliation of Level 3 assets at December 31, 2023 is as follows:

Investments held at fair value, December 31, 2021	$ 38,402
Net additions to investments	47,889
Unrealized change in fair value	17,672
Investments held at fair value, December 31, 2022	103,963
Net additions to investments	23,838
Unrealized change in fair value	6,138
Investments held at fair value, December 31, 2023	$ 133,939

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

9. Fair value measurement (continued):

(a) Investment held at fair value (continued):

The key valuation techniques used in measuring the fair values of the investment held at fair value include:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Adjusted NAV Direct comparison Direct capitalization	Discount rate Comparable properties Capitalization rate	The estimated fair value would increase/ (decrease) with changes in significant unobservable Inputs

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on investments held at fair value:

December 31, 2023	Sensitivity used*	Effect on fair value
Input:		
Discount rate	0.25%	$ 4,629
Capitalization rate	0.25%	8,948
Comparable properties (price per square foot)	1%	779

December 31, 2022	Sensitivity used*	Effect on fair value
Input:		
Discount rate	0.25%	$ 4,330
Capitalization rate	0.25%	3,248
Comparable properties (price per square foot)	1%	637

*The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

(b) Foreign currency derivatives:

The Trust has entered into foreign exchange contracts to mitigate the impact from fluctuations in foreign exchange rates. The Manager determines the fair value of foreign currency derivatives with reference to quotations from third party derivative dealers and accepts the amount as fair value for the derivatives. As a result, the fair value of foreign currency derivatives is based on Level 2 inputs.

(c) Other financial assets and liabilities:

The carrying values of cash and cash equivalents, subscriptions receivables, due from related parties, accounts payable and accrued liabilities, redemptions payable and due to related parties approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

9. Fair value measurement (continued):

(d) Net assets attributable to the holders of redeemable units:

The Trust routinely issues redeemable units at the amount equal to the proportionate share of net assets of the Trust at the time of subscription, calculated on a basis consistent with that used in these consolidated financial statements. Accordingly, the carrying amount of the net assets attributable to the holders of redeemable units approximates their fair value and are based on Level 2 inputs.

10. Financial instruments and risk management:

The Trust has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Manager’s risk management policies are typically performed as a part of the overall management of the Trust’s operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust may be exposed to a number of risks that could affect its operating performance. Management's close involvement in operations will help to identify risks and variations from expectations. The Trust has not designated any transactions as hedging transactions to manage risk.

As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Trust, resulting in a financial loss to the Trust. This risk arises principally from investments held at fair value. For risk management reporting purposes, the Trust considers and consolidates all elements of credit risk exposure (such as location risk).

The Trust’s policy over credit risk is to minimize its exposure to counterparties with perceived higher risk through oversight by the Managers acquisition committee, which oversees investments made by Trez Capital Private Real Estate Fund US Master LP.

Credit risk is monitored on an on-going basis by the Manager in accordance with policies and procedures in place.

The Trust’s maximum credit risk exposure (without taking into account collateral and other credit enhancements) at December 31, 2023 and 2022 is represented by the respective carrying amounts of the relevant financial assets in the consolidated statement of financial position.

(b) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

10. Financial instruments and risk management (continued):

(b) Liquidity risk (continued):

The Trust's liquidity requirements relate to its obligations under accounts payable and accrued liabilities, holders of redeemable units following the restriction period, and its obligations to make future advances to its investments held at fair value. Liquidity risk is managed by ensuring that the sum of cash available exceeds projected needs.

Accounts payable and accrued liabilities arise from normal operating expenses and are expected to be settled within three months of the period end.

Unitholders of the Trust have the limited right to redeem their units in the Trust, as described in its Offering Memorandum and paragraph 8.15 of the Trust's Declaration of Trust. The Manager is entitled to extend the time for payment of any unitholder redemption during any period in which the Manager determines that conditions exist which render the sale of assets of the Trust to be impractical or impair the ability of the Manager to determine the net asset value of the Trust.

In Management's opinion, the Trust has sufficient resources to meet its current cash flow requirements.

(c) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Trust's fair value of its investments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective which is to invest in a diversified portfolio of real property and development projects within Canada and the US that preserves capital and generates returns.

The Trust's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place.

(*i*) Interest rate risk:

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As described in Note 6, units are retractable by Unitholders. A significant rise in interest rates may cause Unitholders to redeem their Units and could cause a shortfall in funds available to meet such redemptions. The Trust manages interest rate risk through the unitholder restrictions outlined in Note 6.

(*ii*) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust's functional currency is US dollars however the Trust receives unit subscriptions in Canadian dollars. The Trust has put in place steps to mitigate the impacts from fluctuations in foreign exchange as the Trust as detailed in Note 5.

10. Financial instruments and risk management (continued):

(c) Market risk (continued):

(*iii*) Other price risk (continued):

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to price risk because of its investment in real estate and development projects through its investment held at fair value. These risks arise from changes in the real estate market and could be local or national in nature. Deteriorating real estate values increase the Trust's risk. The Trust manages these risks by actively maintaining strong relationships with developers and through geographic diversification of investments held by Trez Capital Private Real Estate Fund US Master LP.

11. Capital management:

The Trust considers net assets attributable to holders of redeemable units to be capital, which at December 31, 2023 totaled $150,088 (2022 - $104,097).

The Trust's objective when managing capital is to maintain its ability to continue as a going concern and ensure that it has sufficient resources to be able to generate returns for its investors.

The Trust is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Trust agreement.

12. Reconciliation between net assets attributable to holders of redeemable units per unit and net asset value per unit for transactional purposes:

The net assets in these financial statements have been prepared in accordance with IFRS ("IFRS Net Assets"). For the purposes of subscribing and redeeming units of the Trust, the Trust has valued units in accordance with the Trust's valuation policy outlined in the Trust's Offering Memorandum ("Pricing NAV").

IFRS Net Assets per redeemable unit is computed by dividing the net assets attributable to each class determined in accordance with IFRS, by the total number of units of the class outstanding. Pricing NAV per redeemable unit is computed by dividing the NAV attributable to the class of the Trust, determined for the purchase and redemption of units in accordance with the Trust's Offering Memorandum, by the total number of units of the class outstanding. This amount is different from the Net Assets per unit presented on the consolidated statement of financial position.

The differences are primarily comprised of:

(a) The amortization of certain expenses including but not limited to legal and accounting costs, acquisition fees, commission expenses, start-up expenses and the Managers participating interest vested. These expenses are being amortized, for Pricing NAV purposes, over periods ranging up to 15 years.

(b) Preferred interest capitalized, for Pricing NAV purposes, into a non-stabilized real estate development's project cost basis and expensed generally when the investment begins to produce sufficient development profit allocation or other appraised accretion of value. Preferred interest is incurred at various Aggregator Limited Partnerships level. Generally, a non-stabilized investment is not fully constructed and, if for leasing, is not fully leased at market comparable rates.

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

12. Reconciliation between net assets attributable to holders of redeemable units per unit and net asset value per unit for transactional purposes (continued):

(c) Debt valuation adjustment relates to fair value measurement of stabilized and non-stabilized real property liabilities incurred to finance the real estate projects. In accordance with the Trust's valuation policy such liabilities will be measured at either fair value or amortized cost using effective interest rate method. For Pricing NAV, the real property liabilities are measured at amortized cost using effective interest rate method.

(d) Due to the above differences, the deferred tax balance for Pricing NAV purposes is different from the balance presented on the consolidated statement of financial position.

The difference between the Pricing NAV and the net assets, excluding the Series Manager Unit, reflected in the financial statements was as follows:

		2023		2022*
Redeemable units, representing net assets attributable to holders of redeemable units	$	150,088	$	104,097
Manager's participating interest		(6,141)		(2,914)
Accumulated other comprehensive income		52		47
	$	143,999	$	101,230
Units issued and outstanding, excluding Series Manager Unit		1,306		937
IFRS Net assets per unit	$	110.27	$	108.08
Unamortized expense adjustments*		9.83		9.90
Capitalized preferred interest		-		2.91
Debt valuation adjustment		(2.74)		-
Pricing NAV per unit**	$	117.36	$	120.89

*Net of deferred tax balance difference (Note 12(c)).

**Pricing NAV per unit includes series A, F and I. The Trust calculates a separate NAV per unit for series A (introduced in April 2022). For simplicity, the IFRS to pricing reconciliation above shows total NAV per unit (inclusive of series A, F and I).

Consolidated Financial Statements
(Expressed in Canadian dollars)

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

And Independent Auditor's Report thereon

For the year ended December 31, 2022

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Trez Capital Private Real Estate Fund Trust

Opinion

We have audited the consolidated financial statements of Trez Capital Private Real Estate Fund Trust (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of comprehensive income (loss) for the year then ended
- the consolidated statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 27, 2023

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

As at December 31, 2022

	Notes	December 31 2022	December 31 2021
Assets			
Cash and cash equivalents		$ 5,682,552	$ 3,553,003
Foreign exchange margin deposits	6	2,570,000	730,000
Foreign currency derivatives	6	-	152,208
Subscriptions receivables	5	2,518,005	8,147,500
Due from related parties	7	15,915	-
Investments held at fair value	4	103,963,271	38,402,365
		$ 114,749,743	$ 50,985,076
Equity			
Accumulated other comprehensive income		$ 46,826	$ 21,493
Liabilities and Net Assets Attributable To Holders of Redeemable Units			
Accounts payable and accrued liabilities		455,319	191,686
Deferred tax liability	10	3,352,940	-
Due to related parties	7	4,464,188	2,941,077
Foreign currency derivatives	6	2,332,981	-
		10,605,428	3,132,763
Redeemable units, representing net assets attributable to holders of redeemable units	5	104,097,489	47,830,820
		$ 114,749,743	$ 50,985,076

Subsequent Event 11

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board of the General Partner of the Manager,
Trez Capital Fund Management Limited Partnership:

(signed) "John Maragliano"
Director

(signed) "Dean Kirkham"
Director

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Consolidated Statement of Comprehensive Income (Loss)
(Expressed in Canadian dollars)

For the year ended December 31, 2022 and comparatives from inception on June 2, 2021 to December 31, 2021

	Notes	December 31 2022	December 31 2021
Revenue:			
Interest income		$ 657,143	$ 7,025
Expenses:			
Management fees	7	887,310	-
Acquisition fees	7	3,541,761	-
Commissions		545,899	277,968
Foreign exchange (gain) loss		(84,118)	36,424
General and administrative		854,269	938,045
Manager's participating interest	5	2,328,267	414,940
		8,073,388	1,667,377
		(7,416,245)	(1,660,352)
Fair value gain (loss) on investments held at fair value	4	17,671,852	(716,571)
Income (loss) before income taxes		10,255,607	(2,376,923)
Income tax expense:			
Deferred income tax expense	10	3,343,461	-
Net income (loss) attributable to holders of redeemable units from operations		6,912,146	(2,376,923)
Other comprehensive income		25,333	21,493
Total comprehensive income (loss) attributable to holders of redeemable units		$ 6,937,479	$ (2,355,430)

The accompanying notes are an integral part of these consolidated financial statements.

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in Canadian dollars)

For the year ended December 31, 2022 and comparatives from inception on June 2, 2021 to December 31, 2021

	December 31 2022	December 31 2021
Balance, beginning of year	$ 47,830,820	$ -
Income (loss) attributable to holders of redeemable units	6,912,146	(2,376,923)
Contributions by holders of redeemable units:		
Issuance of units	47,026,256	49,792,803
Manager's participating interest vested	2,328,267	414,940
Balance, end of year	$ 104,097,489	$ 47,830,820

The accompanying notes are an integral part of these consolidated financial statements.

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

For the year ended December 31, 2022 and comparatives from inception on June 2, 2021 to December 31, 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Income (loss) attributable to holders of redeemable units$	6,912,146	(2,376,923)
Items not involving cash:		
Unrealized foreign exchange (gain) loss	2,510,522	(130,715)
Fair value (gain) loss on investments held at fair value	(17,671,852)	716,571
Deferred tax liability	3,352,940	-
Manager's participating interest vested	2,328,267	414,940
Funding of investments held at fair value	(47,889,054)	(39,118,936)
Changes in non-cash operating working items:		
Foreign exchange margin deposits	(1,840,000)	(730,000)
Due to related parties	1,523,111	2,941,077
Due from related parties	(15,915)	-
Accounts payable and accrued liabilities	263,633	191,686
	(50,526,202)	(38,092,300)
Financing activities:		
Issuance of units	47,026,256	49,792,803
Subscriptions receivables	5,629,495	(8,147,500)
	52,655,751	41,645,303
Increase in cash and cash equivalents	2,129,549	3,553,003
Cash and cash equivalents, beginning of year	3,553,003	-
Cash and cash equivalents, end of year	$ 5,682,552	3,553,003

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of business:

Trez Capital Private Real Estate Fund Trust (the "Trust") is an open-ended investment trust established under the laws of British Columbia pursuant to a Declaration of Trust dated June 2, 2021 and amended and restated as of August 12, 2021 and April 29, 2022.

The principal purpose of the Trust is to enhance the value of its investments and thereby maximize the long-term value of and cash distributable to units held by investors in the Trust. The Trust plans to achieve its business objectives primarily by using the platform and expertise of the Trez Capital Fund Management LP ("the Manager") to source strategic real property investment opportunities through joint ventures with real estate developers. After real property has been either developed or improved to maximize its cash flow and value, the Trust will generally maintain these assets as long-term hold investments – a "Built-to-Hold" strategy to maximize the long-term value of the units.

TPREF Holdings Limited is the Trust's trustee (the "Trustee"). Pursuant to the Declaration of Trust, the legal ownership of the Trust's property is vested in the Trustee and the Trust Unitholders' beneficial interest in the Trust is represented by units. The affairs and administration of the Trust are managed by the Manager.

The principal place of business of the Trust is located at 1700-745 Thurlow St, Vancouver, BC, V6E 0C5.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements of the Trust have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Governors on April 27, 2023.

(b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis, except for investment held at fair value, foreign exchange margin deposits, and foreign currency derivatives which are measured at fair value.

2. Basis of preparation (continued):

(c) Functional and presentational currency:

The Trust's functional currency is the U.S. dollar. Foreign currency monetary assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date.

The Trust is using the Canadian dollar as its presentation currency. All assets and liabilities are translated using the exchange rate at the reporting date. Revenue and expenses are translated using the average rate for the year. Equity accounts are translated using the historical rate. The translation differences from the Trust's functional currency of U.S. dollars to the presentation currency of Canadian dollars are recorded in other comprehensive income.

(d) Use of estimates and judgments:

The preparation of consolidated financial statements requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In making estimates, the Manager relies on external information and observable inputs where possible, supplemented by internal analysis as required. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the consolidated financial statements are related to investment held at fair value.

(*i*) Investments at fair value:

The investment held at fair value relates to an investment in Trez Capital Private Real Estate Fund US Master LP, which invests in real estate development projects. Judgement is applied in assessing whether the Trust exercises control, joint control, significant influence or none of the above over the investment. Control is defined as power to direct the relevant activities of an entity so as to obtain benefits from its activities, and significant influence is defined as the power to participate in the financial and operating decisions of the entities. The Trust has determined that it has neither control, joint control or significant influence as the Trust has no ability to control or influence any of the relevant activities of the investment and has therefore measured the investment at fair value in accordance with IFRS 9.

The Trust estimates the value of this investment based on the latest net asset value of Trez Capital Private Real Estate Fund US Master LP.

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

(ii) Investments in real estate development projects:

These financial statements reflect appraisals of real estate development projects each of which requires significant assumptions and judgments relating to macroeconomic and local market conditions as well as property specific information. Such appraisals are scheduled at least annually and may not occur as at December 31. As a result, the calculation of values will involve significant professional judgment, the use of assumptions, and reliance on various data which may result in a valuation that may be materially different from the value realized on the investment. In addition, there could be conditions that exist that make it more difficult to obtain accurate valuations at certain times including periods between appraisals.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of presentation:

The consolidated financial statements comprise the financial statements of the Trust and subsidiaries controlled by the Trust. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

The Trust owns and consolidates the following material subsidiaries:

	Province of Registration	Percentage of ownership
Trez Capital Private Real Estate Fund Sub Trust	British Columbia	100%

The Trust has an interest in the wholly owned Trez Capital Private Real Estate Fund Sub Trust, which has an investment in the Trez Capital Private Real Estate Fund US Master LP, which is accounted for at fair value.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash held at financial institutions and all liquid investments with original terms to maturity of three months or less.

(c) Foreign exchange margin deposits:

Relates to margin deposits made on foreign currency swap transactions.

3. Significant accounting policies (continued):

(d) Redeemable units:

All of the units of the Trust are redeemable on demand at the unitholder's option. The units are therefore classified as financial liabilities and presented as "redeemable units, representing net assets attributable to holders of redeemable units" in the consolidated statement of financial position.

(e) Foreign currency translation:

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the average rate of exchange prevailing for the year.

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange as at the date of the consolidated financial statements.

Assets denominated in foreign currencies under forward currency arrangements are shown at the contractual rates of exchange reflected in the arrangements. Related gains or losses on these arrangements are recognized in the consolidated statement of comprehensive income (loss) at their maturities.

(f) Revenue recognition:

Interest income is recognized in the consolidated statement of comprehensive income (loss) on an effective interest rate basis.

(g) Financial instruments:

(i) Recognition and classification of financial assets and liabilities:

Under IFRS 9, on initial recognition, a financial asset is measured at fair value and subsequently classified as measured at: amortized cost; Fair value through other comprehensive income ("FVOCI")-debt investment; FVOCI-equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets that are debt instruments under IFRS 9 are generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Equity instruments are measured at fair value through profit or loss unless an election is made to measure at FVOCI.

3. Significant accounting policies (continued):

(g) Financial instruments (continued):

(i) Recognition and classification of financial assets and liabilities (continued):

Financial liabilities are recognized initially at fair value and are classified as other financial liabilities or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Trust has classified its financial instruments as follows:

	Classification
Financial assets:	
Cash and cash equivalents	Amortized cost
Foreign exchange margin deposits	FVTPL
Subscriptions receivables	Amortized cost
Due from related parties	Amortized cost
Investments held at fair value	FVTPL
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost
Foreign currency derivatives	FVTPL
Due to related parties	Amortized cost
Redeemable units, representing net assets attributable to holders of redeemable units	Amortized cost

(ii) Derecognition of financial assets and liabilities:

(A) Financial assets:

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire; or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Trust neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial assets. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Trust is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of: (i) the consideration received (including any new asset obtained less any new liability assumed); and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in the consolidated statement of comprehensive loss.

3. Significant accounting policies (continued):

(g) Financial instruments (continued):

(*ii*) Derecognition of financial assets and liabilities (continued):

(B) Financial liabilities:

The Trust derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expired.

(h) Accumulated other comprehensive income:

Accumulated other comprehensive income represents the cumulative translation adjustment of foreign operations whose functional currency is in US dollars.

(i) Income taxes:

(i) Current tax

The Trust holds an investment at fair value based in the US, which invests in real estate projects. Certain of these investments are required to pay income taxes to the U.S. Internal Revenue Service based on a determination of taxable income for US tax purposes. Accordingly, current income tax recognized in the consolidated statement of comprehensive income (loss) is based on the subsidiary's U.S. taxable income for the year. Current tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Trust allocates to its Unitholders taxable income including taxable capital gains that would otherwise attract tax in the Trust. Accordingly, no provision for Canadian income taxes is reflected in its financial statements.

For purposes of the Income Tax Act (Canada), the Trust is required to compute its Canadian tax results using Canadian currency. Where an amount that is relevant in computing the Trust's Canadian tax results is expressed in U.S. dollars, such amount must be converted to Canadian currency, generally using the rate of exchange on the day such amount arose. As a result, the Trust may realize gains and losses for tax purposes by virtue of the fluctuation of the value of the U.S. dollar relative to the Canadian dollar.

Any net gain accrued by the Trust for a particular taxation year may be made payable to Unitholders and is thus required to be included in computing Unitholders' income for Canadian tax purposes. The Trust intends to distribute at least 100% of the Trust's taxable income including capital gains for each tax year.

3. **Significant accounting policies (continued):**

(i) Income taxes (continued):

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the trust is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognizes a deferred tax asset in full, then future taxable profits, adjusted for reversals subsidiaries in the trust. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future profits improves.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantively enacted tax rates that are expected to be in effect when the underlying items are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred income taxes are only recognized with respect to U.S. tax assets and liabilities.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

4. Investments held at fair value:

The summary below lists the Trust's investments held at fair value, their name, type and percentage of ownership:

	Balance, December 31 2021	Additions to investments	Unrealized change in fair value	Balance, December 31, 2022
Trez Capital Private Real Estate Fund US Master LP	$ 38,402,365	$ 47,889,054	$ 17,671,852	$ 103,963,271
	$ 38,402,365	$ 47,889,054	$ 17,671,852	$ 103,963,271

	Balance, June 2, 2021	Additions to investments	Unrealized change in fair value	Balance, December 31, 2021
Trez Capital Private Real Estate Fund US Master LP	$ -	$ 39,118,936	$ (716,571)	$ 38,402,365
	$ -	$ 39,118,936	$ (716,571)	$ 38,402,365

During the year ended December 31, 2022, the Trust held an investment in Trez Capital Private Real Estate Fund US Master Limited Partnership, through its wholly owned subsidiary, Trez Capital Private Real Estate Fund Sub Trust. At December 31, 2022, Trez Capital Private Real Estate Fund Sub Trust holds an 82.9% (2021: 85.2%) interest in Trez Capital Private Real Estate Fund US Master Limited Partnership.

Trez Capital Private Real Estate Fund US Master Limited Partnership is a Limited Partnership domiciled in the US. Trez Capital Private Real Estate Fund US Master Limited Partnership was created to invest directly in real estate projects in the US as well as various Aggregator Limited Partnerships created by the Manager to hold a pool of real estate projects of a similar nature or with the same development partner.

5. Redeemable units, representing net assets attributable to holders of redeemable units:

Net assets are represented by the redeemable units issued and outstanding. As at December 31, 2022 the Trust has authorized an unlimited number of redeemable non-transferable $100 units. The unitholders are entitled to one vote per unit. The units are retractable on demand by the unitholder.

Redemptions of units that occur within two years after issuance of such units will be subject to an Early Redemption Charge by the Trust. The Early Redemption Charge is paid to the Trust and is not a fee received by the Manager. The Early Redemption Charge is calculated as a percentage of the Redemption Price of the units being redeemed and applies as follows:

(i) Redemptions within the first year after issuance will be subject to an early redemption charge of 10% of the Redemption Price; and

(ii) Redemptions within the second year after issuance will be subject to an early redemption charge of 5% of the Redemption Price

On April 30, 2022, the Trust introduced a new A Series Unit. A series units are similar to F Series units, but the Manager charges A Series Unitholders an additional 1.00% annual trailer fee, which is paid to unitholders' advisors.

The Declaration of Trust provides for the issuance of one Series Manager Unit to the Manager on the date of the first unit issuance, which will entitle the Manager to the distribution payment, redemption proceed rights and income allocation as described below. The Series Manager Unit represents an equity interest in the Trust and once fully vested, will entitle the Manager to receive: (i) 5% of any distributions made by the Trust to its Unitholders; and (ii) 5% of the proceeds of any Redemption amounts paid to Unitholders. This feature is referred to as the Manager's participating interest.

The Manager's participating interest will vest monthly over a three-year period from the date the Series Manager Unit is issued, such that a total of 2% will vest by the end of the first year, 2% will vest by the end of the second year for an aggregate of 4%, and the final 1% will vest by the end of the third year. At the end of the three-year period, the Manager will have a 5% equity interest in the Trust and will therefore be entitled to receive 5% of any distributions and 5% of any Redemption proceeds. At December 31, 2022, $2,743,207 (2021: $414,940) is vested as the Manager's participating interest.

The Series Manager Unit will also be entitled to the number of votes that equates the total percentage voting power of the Series Manager Unit based on all outstanding Units from time to time to the vested percentage of the Manager's participating interest at such time. For instance, once the Manager's participating interest has fully vested after 35 months, the number of votes attaching to the Series Manager Unit will be equal to 5% of the total combined voting power of all outstanding Units from time to time.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

5. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

The Manager will share in the Taxable Income of the Trust through its Series Manager Unit based on the portion of the Manager's participating interest vested from time to time. Through the Series Manager Unit, the Manager will receive up to a 5% equity interest based on the Net Asset Value of the Trust instead of a traditional carried interest model that allocates a percentage of profits to the Manager over a specified hurdle rate. The Trust does not anticipate making any cash distributions to Unitholders before December 31, 2023, including to the Manager in respect of the Series Manager Unit.

At December 31, 2022, $2,518,005 subscriptions were receivable (2021: $8,147,500). The amount is shown as subscriptions receivables in the consolidated statement of financial position.

	December 31, 2022		December 31, 2021	
Series F units	Number	Amount	Number	Amount
Issued and outstanding, beginning of year	194,961	$ 18,670,008	-	$ -
Increase (decrease) in net assets	-	2,761,710	-	(927,794)
Units issued	168,593	20,181,756	194,961	19,597,802
Issued and outstanding, end of year	363,554	41,613,474	194,961	18,670,008
Accumulated other comprehensive income	-	18,709	-	8,389
	363,554	$ 41,632,183	194,961	$ 18,678,397

	December 31, 2022		December 31, 2021	
Series I units	Number	Amount	Number	Amount
Issued and outstanding, beginning of year	299,713	$ 28,765,516	-	$ -
Increase (decrease) in net assets	-	3,712,486	-	(1,429,485)
Units issued	240,676	23,279,500	299,713	30,195,001
Issued and outstanding, end of year	540,389	55,757,502	299,713	28,765,516
Accumulated other comprehensive income	-	25,150	-	12,926
	540,389	$ 55,782,652	299,713	$ 28,778,442

	December 31, 2022		December 31, 2021	
Series A units	Number	Amount	Number	Amount
Issued and outstanding, beginning of year	-	$ -	-	-
Increase (decrease) in net assets	-	247,501	-	-
Units issued	32,661	3,565,000	-	-
Issued and outstanding, end of year	32,661	3,812,501	-	-
Accumulated other comprehensive income	-	1,677	-	-
	32,661	$ 3,814,178	-	-

(Amounts expressed in Canadian dollars, unless otherwise indicated)

5. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

	December 31, 2022		December 31, 2021	
Manager's participating interest	Number	Amount	Number	Amount
Issued and outstanding, beginning of year	1	$ 395,296	-	$ -
Increase (decrease) in net assets	-	190,448	-	(19,644)
Manager's participating interest vested	-	2,328,267	1	414,940
Issued and outstanding, end of year	1	2,914,011	1	395,296
Accumulated other comprehensive income	-	1,290	-	178
	1	$ 2,915,301	1	$ 395,474

	December 31, 2022		December 31, 2021	
Total	Number	Amount	Number	Amount
Issued and outstanding, beginning of year	494,675	$ 47,830,820	-	$ -
Increase (decrease) in net assets	-	6,912,146	-	(2,376,923)
Units issued	441,930	47,026,256	494,674	49,792,803
Manager's participating interest vested	-	2,328,267	1	414,940
Issued and outstanding, end of year	936,605	104,097,489	494,675	47,830,820
Accumulated other comprehensive income	-	46,826	-	21,493
	936,605	$104,144,315	494,675	$47,852,313

6. Foreign currency derivatives and margin deposits:

The Trust has put in place steps to mitigate the impacts from fluctuations in foreign exchange as the Trust has entered into foreign exchange contracts to manage most of its foreign exchange exposure. As at December 31, 2022, the Trust was participating in forward exchange contracts to buy Canadian dollars totaling $85,809,923 (2021: $39,404,100) with settlement dates during 2023 and sell US dollars totaling nil (2021: $4,311,548). The foreign currency derivatives are marked-to-market on the statement of financial position and the fair value as at December 31, 2022 results in a liability of $2,332,981 (2021: asset of $152,208). The foreign currency derivatives are entered into by the Mortgage Broker on behalf of the Trust with third party financial institutions.

Foreign exchange margin deposits are also outstanding totaling $2,570,000 (2021: $730,000).

7. Related party transactions and balances:

Related party transactions that are not disclosed elsewhere in these consolidated financial statements are as follows:

(i) Management, acquisition and exit fees:

(A) Management fee:

Pursuant to the terms and conditions of the Trust Agreement, the Manager is entitled to receive from the Trust:

(a) a cumulative annual amount equal to 1.50% of the Net Asset Value of the Series F Units, as calculated and payable on a quarterly basis.

(b) a cumulative annual amount equal to 1.15% of the Net Asset Value of the Series I Units, as calculated and payable on a quarterly basis.

(c) a cumulative annual amount equal to 2.50% of the Net Asset Value of the Series A Units, as calculated and payable on a quarterly basis.

Initial investors of the Trust that purchased Units in the first $45,000,000 of Units subscribed for by investors and accepted by the Trust on or before November 30, 2021 were not charged a Management Fee for one year from September 1, 2021.

During the year, the Trust incurred Management Fees of $887,310 (2021: nil).

(B) Acquisition fee:

An amount equal to:

(a) in the case of stabilized real property acquired by the Trust, 1.0% of the purchase price (including any closing costs and fees) of such property.

(b) in the case of either ground up construction or value add real property, 1.0% of the pro forma cost of such real estate project.

(c) 1.0% of the capital committed to any other investment, such as mezzanine loans, equity investments, real estate company financings or mortgage investments made by the Trust, in each case, multiplied by the percentage interest held by the Trust in the investment as contemplated by the limited partnership agreement or other similar agreement or document entered into with the applicable investment entity at the time of acquisition or capital commitment.

During the year, the Trust incurred acquisition fees of $3,541,761. During 2021, the Trust incurred acquisition fees of US$1,228,518 charged to Trez Capital Private Real Estate Fund US Master Limited Partnership and its wholly owned subsidiaries.

7. Related party transactions and balances (continued):

(i) Management, acquisition and exit fees (continued):

(C) Exit fees:

An amount equal to 0.5% of the gross sale price of any property (in the case of real property or equity investments) sold by the Trust from its investment portfolio, multiplied by the percentage ownership interest held in the investment by the Trust at the time of sale.

During the year, the Trust incurred exit fees of nil (2021: nil).

(ii) Transfer of investments from related party:

During the year, no investments were transferred from or to related party.

During 2021, Trez Capital Private Real Estate Fund US Master Limited Partnership and its wholly owned subsidiaries purchased six investments at fair value for US$15,139,040 from related parties.

(iii) Co-investment in real estate projects and investment held at fair value:

Virtually all of the investments were co-invested with entities related to the Manager.

The Trust, through its wholly owned subsidiary, Trez Capital Private Real Estate Fund Sub Trust, has co-invested in an investment held at fair value, Trez Capital Private Real Estate Fund US Master Limited Partnership, with entity related to the Manager. At December 31, 2022, the Trust holds an 82.9% (2021: 85.2%) interest with the remaining 17.1% (2021: 14.8%) held by the related entity.

(iv) Consulting fees:

For the year ended December 31, 2022, Trez Capital Private Real Estate Fund US Master Limited Partnership and its wholly owned subsidiaries incurred, through underlying operating partnerships, consulting fees of US$2,271,363 (2021: US$2,410,780) paid to an entity related to the Manager.

(iv) Other related party balances:

Amounts due to related parties at December 31, 2022, were $4,464,188 which includes $3,708,072 in acquisition fees payable to the Manager (2021: $0), $406,614 (2021: $2,906,977) is a short-term advance from Trez Capital Private Real Estate Fund US Master LP and $349,502 (2021: $34,100) is sales commissions and management fee payable to the Manager. Amounts due from related parties at December 31, 2022 were $15,915 (2021: nil).

(Amounts expressed in Canadian dollars, unless otherwise indicated)

8. Financial instruments and risk management:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date.

(a) Fair values of financial instruments held at amortized cost using the fair value hierarchy:

The carrying values of cash and cash equivalents, other receivables, due to related parties, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Trust's assets or liabilities that are measured at fair value or for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurement") and the lowest priority to unobservable inputs ("Level 3 measurements").

The three levels of the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities ("Level 1");
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

	Carrying value	
December 31, 2022	Amortized Cost	FVTPL
Assets not measured at fair value:		
Cash and cash equivalents	5,682,552	-
Subscriptions receivables	2,518,005	-
Due from related parties	15,915	-
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	455,319	-
Due to related parties	4,464,188	-
Financial liabilities measured at fair value:		
Foreign currency derivative (Level 2)	-	2,332,981
Assets measured at fair value		
Investments held at fair value (Level 3)	-	103,963,271
Foreign exchange margin deposits	-	2,570,000

(Amounts expressed in Canadian dollars, unless otherwise indicated)

8. Financial instruments and risk management (continued):

(a) Fair values of financial instruments held at amortized cost using the fair value hierarchy (continued):

	Carrying value	
December 31, 2021	Amortized Cost	FVTPL
Assets not measured at fair value:		
Cash and cash equivalents	3,553,003	-
Subscriptions receivables	8,147,500	-
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	191,686	-
Due to related parties	2,941,077	-
Assets measured at fair value		
Foreign currency derivative (Level 2)	-	152,208
Investments held at fair value (Level 3)	-	38,402,365
Foreign exchange margin deposits	-	730,000

The Trust's assets and liabilities recorded at fair value have been categorized as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Investments held at fair value	$ -	$ -	$ 103,963,271	$ 103,963,271

December 31, 2021	Level 1	Level 2	Level 3	Total
Investments held at fair value	$ -	$ -	$ 38,402,365	$ 38,402,365

There were no transfers between Level 1, Level 2 and Level 3 during the year ended December 31, 2022 (December 31, 2021 – nil).

The valuation techniques and inputs used for the Trust's financial instruments are as follows:

(*i*) Net assets attributable to the holders of redeemable units:

The Trust routinely issues redeemable units at the amount equal to the proportionate share of net assets of the Trust at the time of subscription, calculated on a basis consistent with that used in these consolidated financial statements. Accordingly, the carrying amount of the net assets attributable to the holders of redeemable units approximates their fair value and are based on Level 2 inputs.

(*ii*) Foreign currency derivatives:

The Trust has entered into foreign exchange contracts to mitigate the impact from fluctuations in foreign exchange rates. The manager determines the fair value of foreign currency derivatives with reference to quotations from third party derivative dealers and accepts the amount as fair value for the derivatives. As a result, the fair value of foreign currency derivatives is based on Level 2 inputs.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

8. Financial instruments and risk management (continued):

(a) Fair values of financial instruments held at amortized cost using the fair value hierarchy (continued):

(*iii*) Investment held at fair value:

The Trust's investment recorded at fair value was initially valued at the net asset value of Trez Capital Private Real Estate Fund US Master Limited Partnership at the investment date. The Investment is revalued monthly based on the underlying fair value methodology of Trez Capital Private Real Estate Fund US Master Limited Partnership.

This investment is categorized as Level 3.

A reconciliation of Level 3 assets at December 31, 2022 is as follows:

Investments held at fair value, December 31, 2021	$	38,402,365
Net additions to investments		47,889,054
Unrealized change in fair value		17,671,852
Realized change in fair value		-
Investments held at fair value, December 31, 2022	$	103,963,271

A reconciliation of Level 3 assets at December 31, 2021 is as follows:

Investments held at fair value, December 31, 2020	$	-
Net additions to investments		39,118,936
Unrealized change in fair value		(716,571)
Realized change in fair value		-
Investments held at fair value, December 31, 2021	$	38,402,365

The key valuation techniques used in measuring the fair values of the investment held at fair value:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Adjusted NAV Direct comparison Direct capitalization	Discount rate Comparable properties Capitalization rate	The estimated fair value would increase/ (decrease) with changes in significant unobservable Inputs

(Amounts expressed in Canadian dollars, unless otherwise indicated)

8. Financial instruments and risk management (continued):

(a) Fair values of financial instruments held at amortized cost using the fair value hierarchy (continued):

(*iii*) Investment held at fair value (continued):

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on Investments held at fair value:

December 31, 2022

Description	Input	Sensitivity used*	Effect on fair value (in US$)
Investments held at fair value	Discount rate	0.25%	$3,194,597
	Capitalization rate	0.25%	$2,396,685
	Comparable properties (price per square foot)	1%	$469,911

*The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

December 31, 2021

Description	Input	Sensitivity used	Effect on fair value (in US$)
Investments held at fair value	Discount rate	1%	$31,097
	Capitalization rate	0.25%	$673,741
	Comparable properties (price per square foot)	1%	$206,014

(b) Financial risk management:

The Trust has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Managers risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust may be exposed to a number of risks that could affect its operating

8. Financial instruments and risk management (continued):

(b) Financial risk management (continued):

performance. Management's close involvement in operations will help to identify risks and variations from expectations.

As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(*i*) Credit risk:

Credit risk is the risk that a counterparty will fail to discharge an obligation that it has entered into with the Trust, resulting in a financial loss to the Trust. This risk arises principally from the investments held at fair value. For risk management reporting purposes, the Trust considers and consolidates all elements of credit risk exposure (such as location risk).

The Trust’s policy over credit risk is to minimize its exposure to counterparties with perceived higher risk through oversight by the Managers acquisition committee, which oversees investments made by Trez Capital Private Real Estate Fund US Master Limited Partnership.

Credit risk is monitored on an on-going basis by the Manager in accordance with policies and procedures in place.

The Trust’s maximum credit risk exposure (without taking into account collateral and other credit enhancements) at December 31, 2022 and December 31, 2021, is represented by the respective carrying amounts of the relevant financial assets in the Statement of Financial Position.

(*ii*) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust’s liquidity requirements relate to its obligations under accounts payable and accrued liabilities, holders of redeemable units following the restriction period, and its obligations to make future advances to its investments held at fair value. Liquidity risk is managed by ensuring that the sum of cash available exceeds projected needs.

Accounts payable and accrued liabilities arise from normal operating expenses and are expected to be settled within three months of the period end.

In Management’s opinion, the Trust has sufficient resources to meet its current cash flow requirements.

(*iii*) Market risk:

Market risk is the risk that changes in market factors, such as interest rates and other price risks will affect the Trust’s fair value of its investments. The objective of market risk

8. Financial instruments and risk management (continued):

(b) Financial risk management (continued):

(*iii*) Market risk (continued):

management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective which is to invest in a diversified portfolio of real property and development projects within Canada and the U.S. that preserves capital and generates returns.

The Trust's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place.

(A) Interest rate risk:

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As described in Note 5, units are retractable by Unitholders. A significant rise in interest rates may cause Unitholders to retract their Units and could cause a shortfall in funds available to meet such redemption. The Trust manages interest rate risk through the unitholder restrictions outlined in Note 5.

(B) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Trust's functional currency is United States dollars however the Trust receives unit subscriptions in Canadian dollars. The Trust has put in place steps to mitigate impacts from fluctuations in foreign exchange as the Trust as detailed in Note 6.

(C) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to price risk because of its investment in real estate and development projects through its investment held at fair value. These risks arise from changes in the real estate market and could be local or national in nature. Market disruptions associated with the COVID-19 pandemic have had a global impact including volatility in equity prices, interest rates, and foreign exchange rates. The long-term implications of the COVID-19 pandemic are unknown at this time, leading to a high degree of volatility and uncertainty that will likely impact the worldwide financial markets for an extended period of time. Deteriorating real estate values increase the Trust's risk. The Trust manages these risks by actively maintaining strong relationships with developers and through geographic diversification of investments held by Trez Capital Private Real Estate Fund US Master LP.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

9. Capital management:

The Trust considers net assets attributable to holders of redeemable units to be capital, which at December 31, 2022 totaled $104,097,489 (2021: $47,830,820).

The Trust's objective when managing capital is to maintain its ability to continue as a going concern and ensure that it has sufficient resources to be able to generate returns for its investors.

The Trust is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Trust agreement.

10. Income taxes:

For the year ended December 31, 2022, the Trust has recorded deferred tax expense of $3,343,461 (2021: nil) and a deferred tax liability of $3,352,940 (2021: nil).

Movement in deferred tax balances is as follows:

				Balance as December 31, 2022		
	Net balance at January 1, 2022	Recognized in profit or loss	Recognized in OCI	Net	Deferred Tax assets	Deferred Tax liabilities
Investments held at fair value	-	(4,190,512)	(11,881)	(4,202,393)	-	(4,202,393)
Net Operating Loss		847,051	2,402	849,453	849,453	-
Tax assets (liabilities) before set-off	-	(3,343,461)	(9,479)	(3,352,940)	849,453	(4,202,393)
set-off of tax	-	-	-	-	-	-
Tax assets (liabilities)	-	(3,343,461)	(9,479)	(3,352,940)	849,453	(4,202,393)

11. Subsequent event:

On January 27, 2023, Trez Capital Private Real Estate Fund US Master Limited Partnership and its wholly owned subsidiaries sold an investment at fair value for US$3,411,237 to a related party.

12. Reconciliation between net assets attributable to holders of redeemable units per unit and net asset value per unit for transactional purposes:

The net assets in these financial statements have been prepared in accordance with IFRS ("IFRS net assets"). For the purposes of subscribing and redeeming units of the Trust, the Fund has valued units in accordance with the Trust's valuation policy outlined in the Trust's Offering Memorandum ("pricing NAV").

(Amounts expressed in Canadian dollars, unless otherwise indicated)

12. Reconciliation between net assets attributable to holders of redeemable units per unit and net asset value per unit for transactional purposes (continued):

IFRS Net Assets per redeemable unit is computed by dividing the net assets attributable to each class determined in accordance with IFRS, by the total number of units of the class outstanding. Pricing NAV per redeemable unit is computed by dividing the NAV attributable to the class of the Fund, determined for the purchase and redemption of units in accordance with the Fund's Offering Memorandum, by the total number of units of the class outstanding. This amount is different from the Net Assets per unit presented on the consolidated statement of financial position.

The differences are primarily comprised of:

(i) The amortization of certain expenses including but not limited to legal and accounting costs, acquisition fees, commission expenses, start-up expenses and the Managers participating interest vested. These expenses are being amortized, for pricing NAV purposes, over periods ranging up to 15 years.

(ii) Preferred interest capitalized, for pricing NAV purposes, into a non-stabilized real estate development's project cost basis and expensed generally when the investment begins to produce sufficient development profit allocation or other appraised accretion of value. Preferred interest is incurred at various Aggregator Limited Partnerships level. Generally, a non-stabilized investment is not fully constructed and, if for leasing, is not fully leased at market comparable rates.

(iii) Due to the above differences, the deferred tax balance for pricing NAV purposes is different from the balance presented on the consolidated statement of financial position.

The difference between the Pricing NAV and the net assets, excluding the Series Manager Unit, reflected in the financial statements was as follows:

	2022*	2021
Redeemable units, representing net assets attributable to holders of redeemable units	$104,097,489	$47,830,820
Manager's participating interest	(2,914,011)	(395,296)
Accumulated other comprehensive income	46,826	21,493
	$101,230,304	$47,457,017
Units issued and outstanding, excluding Series Manager Unit	936,604	494,674
IFRS Net assets per unit	$108.08	$95.94
Unamortized expense adjustments	9.90	6.71
Capitalized preferred interest	2.91	0.39
Pricing NAV per unit	$ 120.89	$ 103.04

*Pricing NAV per unit includes series A, F and I. The Trust calculates a separate NAV per unit for series A (introduced in April 2022). For simplicity the IFRS to pricing reconciliation above shows total NAV per unit (inclusive of series A, F and I).

Interim Condensed Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of Canadian dollars)

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Nine months period ended September 30, 2024

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Interim Condensed Consolidated Statement of Financial Position
(Unaudited)
(Expressed in thousands of Canadian dollars)

September 30, 2024, with comparative information for December 31, 2023

	Notes	2024	2023
Assets			
Cash and cash equivalents		$ 9,278	$ 18,030
Foreign currency derivative assets	5	345	1,533
Subscriptions receivables	6	417	1,892
Due from related parties	7	4	-
Investments held at fair value	4	153,871	133,939
		$ 163,915	$ 155,394
Equity			
Accumulated other comprehensive income		$ 102	$ 52
Liabilities and Net Assets Attributable To Holders of Redeemable Units			
Accounts payable and accrued liabilities		262	800
Redemptions payable	6	291	81
Due to related parties	7	841	594
Deferred tax liability		3,859	3,779
		5,253	5,254
Redeemable units, representing net assets attributable to holders of redeemable units	6	158,560	150,088
		$ 163,915	$ 155,394

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Approved on behalf of the Board of the General Partner of the Manager,
Trez Capital Fund Management Limited Partnership:

(Signed) *John Maragliano*
Director

(Signed) *Morley Greene*
Director

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Interim Condensed Consolidated Statement of Comprehensive Income (Loss)
(Unaudited)
(Expressed in thousands of Canadian dollars)

Nine months period ended September 30, 2024, with comparative information for September 30, 2023

	Notes	2024	2023
Revenue:			
Interest income		$ 422	$ 452
Early redemption charge	6	102	24
		524	476
Expenses:			
Management fees	7	1,743	1,380
Acquisition fees	7	-	28
Commissions		235	372
Foreign exchange loss (gain)		1,048	295
General and administrative		373	331
Manager's participating interest	6	1,167	2,547
		4,566	4,953
		(4,042)	(4,477)
Fair value gain on investments held at fair value	4	1,323	892
Net income (loss) attributable to holders of redeemable units		(2,719)	(3,585)
Other comprehensive income		51	130
Total comprehensive income (loss) attributable to holders of redeemable units		$ (2,668)	$ (3,455)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Interim Condensed Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(Unaudited)
(Expressed in thousands of Canadian dollars)

Nine months period ended September 30, 2024, with comparative information for December 31, 2023

	2024	2023
Balance, beginning of year	$ 150,088	$ 104,097
Net income (loss) attributable to holders of redeemable units	(2,719)	(975)
Contributions and redemptions by holders of redeemable units:		
Issuance of units	14,812	45,497
Manager’s participating interest vested	1,289	3,267
Redemption of units	(4,910)	(1,798)
Balance, end of period	$ 158,560	$ 150,088

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST

Interim Condensed Consolidated Statement of Cash Flows
(Unaudited)
(Expressed in thousands of Canadian dollars)

Nine months period ended September 30, 2024, with comparative information for September 30, 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Net income (loss) attributable to holders of redeemable units	$ (2,719)	$ (3,585)
Items not involving cash:		
Unrealized foreign exchange (gain) loss	1,318	(1,690)
Fair value gain on investments held at fair value	(1,322)	(892)
Manager’s participating interest vested	1,289	2,547
Changes in operating working items:		
Margin deposits	-	260
Change in due to related parties	247	151
Accounts payable and accrued liabilities	(539)	(455)
	(1,726)	(3,664)
Investing activities:		
Funding of investments held at fair value	(18,610)	(23,409)
Change in due from related parties	(4)	16
	(18,614)	(23,393)
Financing activities:		
Issuance of units	16,288	29,722
Redemption of units	(4,700)	(951)
	11,588	28,771
Increase (decrease) in cash and cash equivalents	(8,752)	1,714
Cash and cash equivalents, beginning of year	18,030	5,683
Cash and cash equivalents, end of period	$ 9,278	$ 7,397

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Nature of business:

Trez Capital Private Real Estate Fund Trust (the “Trust”) is an open-ended investment trust established under the laws of British Columbia pursuant to a Declaration of Trust dated June 2, 2021 and amended and restated as of August 12, 2021 and April 29, 2023.

The principal purpose of the Trust is to enhance the value of its investments and thereby maximize the long-term value of and cash distributable to units held by investors in the Trust. The Trust plans to achieve its business objectives primarily by using the platform and expertise of the Trez Capital Fund Management LP (the “Manager”) to source strategic real property investment opportunities through joint ventures with real estate developers. After real property has been either developed or improved to maximize its cash flow and value, the Trust will generally maintain these assets as long-term hold investments - a "Built-to-Hold" strategy to maximize the long-term value of the units.

TPREF Holdings Limited is the Trust’s trustee (the “Trustee”). Pursuant to the Declaration of Trust, the legal ownership of the Trust's property is vested in the Trustee and the Trust Unitholders' beneficial interest in the Trust is represented by units. The affairs and administration of the Trust are managed by the Manager.

The principal place of business of the Trust is located at 1700 - 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5.

2. Basis of preparation:

(a) Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and should be read in conjunction with the Trust’s last annual consolidated financial statements as at and for the year ended December 31, 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the IASB. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Trust’s financial position and performance since the last annual financial statements.

(b) Basis of measurement:

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for foreign currency derivative assets and investment held at fair value liabilities which are measured at fair value.

2. Basis of preparation (continued):

(c) Functional and presentation currency:

The Trust's functional currency is the US dollar. Foreign currency monetary assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date.

The Trust is using the Canadian dollar as its presentation currency. All assets and liabilities are translated using the exchange rate at the reporting date. Revenue and expenses are translated using the average rate for the year. Equity accounts are translated using the historical rate. The translation differences from the Trust's functional currency of US dollars to the presentation currency of Canadian dollars are recorded in other comprehensive income.

(d) Use of estimates and judgments:

The preparation of interim condensed consolidated financial statements requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The critical accounting estimates and judgements have been set out in the notes to the Trust's consolidated financial statements for the year ended December 31, 2023.

3. Material accounting policy information:

Expect for Amendments to IAS 1, adopted January 1, 2024 as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Trust's annual consolidated financial statement for the year ended December 31, 2023.

(a) New standards adopted effective January 1, 2024:

In January 2020, the IASB issued *Classification of liabilities as current or non-current (Amendments to IAS 1)* to clarify how to classify debt and other liabilities as current or non-current. The amendments are effective for reporting periods beginning on or after January 1, 2024. This standard, which the Trust adopted as of January 1, 2024, did not have a material impact on the interim condensed consolidated financial statements.

(b) Standards issued but not yet effective:

As at September 30, 2024, a number of standards and amendments to standards had been issued by the IASB but are not yet effective for these interim condensed consolidated financial statements. None of these standards or amendments to standards are considered relevant to the Trust's interim condensed consolidated financial statements.

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

4. Investments held at fair value:

The summary below lists the Trust's investments held at fair value, their name, type and percentage of ownership:

	Balance, December 31 2023	Additions to investments	Unrealized change in fair value	Balance, September 30, 2024
Trez Capital Private Real Estate Fund US Master LP	$ 133,939	$ 18,610	$ 1,322	$ 153,871

	Balance, December 31, 2022	Additions to investments	Unrealized change in fair value	Balance, December 31, 2023
Trez Capital Private Real Estate Fund US Master LP	$ 103,963	$ 23,838	$ 6,138	$ 133,939

During the period ended September 30, 2024, the Trust held an investment in Trez Capital Private Real Estate Fund US Master Limited Partnership through its wholly owned subsidiary, Trez Capital Private Real Estate Fund Sub Trust. As at September 30, 2024, Trez Capital Private Real Estate Fund Sub Trust holds an 88.5% (December 31, 2023 - 85.6%) interest in Trez Capital Private Real Estate Fund US Master Limited Partnership.

Trez Capital Private Real Estate Fund US Master Limited Partnership is a Limited Partnership domiciled in the US. Trez Capital Private Real Estate Fund US Master Limited Partnership was created to invest directly in real estate projects in the US, as well as various Aggregator Limited Partnerships created by the Manager to hold a pool of real estate projects of a similar nature or with the same development partner.

5. Foreign currency derivatives and margin deposits:

The Trust has put in place steps to mitigate the impacts from fluctuations in foreign exchange as the Trust has entered into foreign exchange contracts to manage most of its foreign exchange exposure. As at September 30, 2024, the Trust was participating in forward exchange contracts to buy Canadian dollars totaling $154,545 (December 31, 2023 - $134,000) with settlement dates during the period ended September 30, 2024. The foreign currency derivatives are marked-to-market on the Interim Condensed Consolidated Statement of Financial Position and the fair value as at September 30, 2024 results in an asset of $345 (December 31, 2023 - asset of $1,533). The foreign currency derivatives are entered directly by the Trust with third party financial institutions.

6. Redeemable units, representing net assets attributable to holders of redeemable units:

Net assets are represented by the redeemable units issued and outstanding. As at September 30, 2024, the Trust has authorized an unlimited number of redeemable non-transferable $100 units. Unitholders are entitled to one vote per unit. The units are retractable on demand by the Unitholder.

Redemptions of units that occur within two years after issuance of such units will be subject to an Early Redemption Charge by the Trust. The Early Redemption Charge is paid to the Trust and is not a fee received by the Manager. The Early Redemption Charge is calculated as a percentage of the Redemption Price of the units being redeemed and applies as follows:

- Redemptions within the first year after issuance will be subject to an early redemption charge of 10% of the Redemption Price; and
- Redemptions within the second year after issuance will be subject to an early redemption charge of 5% of the Redemption Price

During the period ended September 30, 2024, the Trust received an Early Redemption Charge of $102 (September 30, 2023 - $24).

On April 30, 2023, the Trust introduced a new Series A Unit. Series A units are similar to Series F units, but the Manager charges Series A Unitholders an additional 1.00% annual trailer fee, which is paid to Unitholders' advisors.

The Declaration of Trust provides for the issuance of one Series Manager Unit to the Manager on the date of the first unit issuance, which will entitle the Manager to the distribution payment, redemption proceed rights and income allocation as described below. The Series Manager Unit represents an equity interest in the Trust and once fully vested, will entitle the Manager to receive: (*i*) 5% of any distributions made by the Trust to its Unitholders; and (*ii*) 5% of the proceeds of any Redemption amounts paid to Unitholders. This feature is referred to as the Manager's participating interest.

The Manager's participating interest will vest monthly over a three-year period from the date the Series Manager Unit is issued, such that a total of 2% will vest by the end of the first year, 2% will vest by the end of the second year for an aggregate of 4%, and the final 1% will vest by the end of the third year. At the end of the three-year period, the Manager will have a 5% equity interest in the Trust and will therefore be entitled to receive 5% of any distributions and 5% of any Redemption proceeds. As at September 30, 2024, $7,299 (December 31, 2023 - $6,011) is vested as the Manager's participating interest.

The Series Manager Unit will also be entitled to the number of votes that equates the total percentage voting power of the Series Manager Unit based on all outstanding Units from time to time to the vested percentage of the Manager's participating interest at such time. For instance, once the Manager's participating interest has fully vested after 35-months, the number of votes attaching to the Series Manager Unit will be equal to 5% of the total combined voting power of all outstanding Units from time to time.

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

6. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

During the period ended September 30, 2024, the Manager received $199 (September 30, 2023 - $24) of participating interest from redemptions proceeds.

The Manager will share in the Taxable Income of the Trust through its Series Manager Unit based on the portion of the Manager's participating interest vested from time to time. Through the Series Manager Unit, the Manager will receive up to a 5% equity interest based on the Net Asset Value of the Trust instead of a traditional carried interest model that allocates a percentage of profits to the Manager over a specified hurdle rate. The Trust made no cash distributions to Unitholders during the period ended September 30, 2024, including to the Manager in respect of the Series Manager Unit.

As at September 30, 2024, $417 of subscriptions were receivable (December 31, 2023 - $1,892) and $291 of redemptions were payable (December 31, 2023 - $81). These amounts are shown as subscriptions receivables and redemptions payable in the Interim Condensed Consolidated Statement of Financial Position.

	2024		2023	
Series F units	Number	Amount	Number	Amount
Issued and outstanding, beginning of year	645	$ 74,807	364	$ 41,613
Increase (decrease) in net assets	-	(1,357)	-	(489)
Units issued	98	11,517	345	41,152
Units transferred between classes	(13)	(1,509)	(52)	(6,050)
Units redeemed	(40)	(4,717)	(12)	(1,419)
Issued and outstanding, end of period	690	78,741	645	74,807
Accumulated other comprehensive income	-	51	-	26
	690	$ 78,792	645	$ 74,833

	2024		2023	
Series I units	Number	Amount	Number	Amount
Issued and outstanding, beginning of year	602	$ 62,235	541	$ 55,758
Increase (decrease) in net assets	-	(1,120)	-	(402)
Units issued	29	3,249	12	1,209
Units transferred between classes	13	1,509	52	6,050
Units redeemed	(1)	(165)	(3)	(380)
Issued and outstanding, end of period	643	65,708	602	62,235
Accumulated other comprehensive income	-	42	-	22
	643	$ 65,750	602	$ 62,257

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

6. Redeemable units, representing net assets attributable to holders of redeemable units (continued):

	2024			2023		
Series A units	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	59	$	6,905	33	$	3,813
Increase (decrease) in net assets	-		(116)	-		(44)
Units issued	-		46	26		3,136
Units redeemed	-		(28)	-		-
Issued and outstanding, end of period	59		6,807	59		6,905
Accumulated other comprehensive income	-		4	-		2
	59	$	6,811	59	$	6,907

	2024			2023		
Manager's participating interest	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	1	$	6,141	1	$	2,914
Increase (decrease) in net assets	-		(126)	-		(40)
Manager's participating interest vested	-		1,289	-		3,267
Issued and outstanding, end of period	1		7,304	1		6,141
Accumulated other comprehensive income	-		5	-		2
	1	$	7,309	1	$	6,143

	2024			2023		
Total	Number		Amount	Number		Amount
Issued and outstanding, beginning of year	1,306	$	150,088	937	$	104,097
Increase (decrease) in net assets	-		(2,719)	-		(975)
Units issued	127		14,812	384		45,497
Units redeemed	(41)		(4,910)	(15)		(1,798)
Manager's participating interest vested	-		1,289	-		3,267
Issued and outstanding, end of period	1,392		158,560	1,306		150,088
Accumulated other comprehensive income	-		102	-		52
	1,392	$	158,662	1,306	$	150,140

7. Related party transactions and balances:

Related party transactions that are not disclosed elsewhere in these interim condensed consolidated financial statements are as follows:

(a) Management, acquisition and exit fees:

(i) Management fee:

Pursuant to the terms and conditions of the Trust Agreement, the Manager is entitled to receive from the Trust:

(A) a cumulative annual amount equal to 1.50% of the Net Asset Value of the Series F Units, as calculated and payable on a quarterly basis.

(B) a cumulative annual amount equal to 1.15% of the Net Asset Value of the Series I Units, as calculated and payable on a quarterly basis.

(C) a cumulative annual amount equal to 2.50% of the Net Asset Value of the Series A Units, as calculated and payable on a quarterly basis.

Initial investors of the Trust that purchased Units in the first $45,000,000 of Units subscribed for by investors and accepted by the Trust on or before November 30, 2021 were not charged a Management Fee for one year from September 1, 2021.

During the period ended September 30, 2024, the Trust incurred Management Fees of $1,743 (September 30, 2023 - $1,380).

(ii) Acquisition fee:

Pursuant to the terms and conditions of the Trust Agreement, the Manager is entitled to receive from the Trust an amount equal to:

(A) in the case of stabilized real property acquired by the Trust, 1.0% of the purchase price (including any closing costs and fees) of such property.

(B) in the case of either ground up construction or value add real property, 1.0% of the pro forma cost of such real estate project.

(C) 1.0% of the capital committed to any other investment, such as mezzanine loans, equity investments, real estate company financings or mortgage investments made by the Trust, in each case, multiplied by the percentage interest held by the Trust in the investment as contemplated by the limited partnership agreement or other similar agreement or document entered into with the applicable investment entity at the time of acquisition or capital commitment.

During the period ended September 30, 2024, no acquisition fees were incurred by Trust (September 30, 2023 - $28).

7. Related party transactions and balances (continued):

(a) Management, acquisition and exit fees (continued):

(*iii*) Exit fees:

Pursuant to the terms and conditions of the Trust Agreement, the Manager is entitled to receive an amount equal to 0.5% of the gross sale price of any property (in the case of real property or equity investments) sold by the Trust from its investment portfolio, multiplied by the percentage ownership interest held in the investment by the Trust at the time of sale.

During the period ended September 30, 2024, no exit fees were incurred by Trust (September 30, 2023 - nil).

(b) Transfer of investments from related party:

The Trust generally invests in an interest in a real estate project at the time that it is funded. However, at any time during the term of the investment, it may acquire an interest from or sell its interest to parties related to the Manager. Purchases from and sales to related parties are transacted at unpaid principal plus accrued interest due at the date of the transaction, which in the opinion of the Manager, represents the estimated fair values of the related investments.

During the period ended September 30, 2024, no investment was transferred by Trust (December 31, 2023 - $4,539) to related parties.

(c) Co-investment in real estate projects and investment held at fair value:

Virtually all of the investments were co-invested with entities related to the Manager.

The Trust, through its wholly owned subsidiary, Trez Capital Private Real Estate Fund Sub Trust, has co-invested in an investment held at fair value, Trez Capital Private Real Estate Fund US Master Limited Partnership, with entity related to the Manager. As at September 30, 2024, the Trust holds an 88.5% (December 31, 2023 - 85.6%) interest with the remaining 11.5% (December 31, 2023 - 14.4%) held by the related entity.

(d) Consulting fees:

For the period ended September 30, 2024, Trez Capital Private Real Estate Fund US Master Limited Partnership and its wholly owned subsidiaries incurred, through underlying operating partnerships, consulting fees of US$22 (September 30, 2023 - US$109) paid to an entity related to the Manager.

(e) Other related party balances:

As at September 30, 2024, there was amounts due to related parties of $841 (December 31, 2023 - $594) which includes sales commissions and management fee payable to the Manager of $427 (December 31, 2023 - $188) and short-term advance from Trez Capital Private Real Estate Fund US Master LP of $414 (December 31, 2023 - $406). Amounts due from related parties as at September 30, 2024 were $4 (December 31, 2023 - nil).

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

9. Fair value measurement:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date.

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Trust's assets or liabilities that are measured at fair value or for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurement") and the lowest priority to unobservable inputs ("Level 3 measurements").

The three levels of the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities ("Level 1");
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

	Carrying value		
September 30, 2024	Amortized cost	FVTPL	Fair value
Financial assets not measured at fair value:			
Cash and cash equivalents	$ 9,278	$ -	9,278
Subscriptions receivables	417	-	417
Due from related parties	4	-	4
Financial assets measured at fair value:			
Foreign currency derivative assets (Level 2)	-	345	345
Investments held at fair value (Level 3)	-	153,871	153,871
Financial liabilities not measured at fair value:			
Accounts payable and accrued liabilities	262	-	262
Redemption payable	291	-	291
Due to related parties	841	-	841
Net assets attributable to holders of redeemable units	158,560	-	158,560

	Carrying value		
December 31, 2023	Amortized cost	FVTPL	Fair value
Financial assets not measured at fair value:			
Cash and cash equivalents	$ 18,030	$ -	18,030
Subscriptions receivables	1,892	-	1,892
Financial assets measured at fair value:			
Foreign currency derivative assets (Level 2)	-	1,533	1,533
Investments held at fair value (Level 3)	-	133,939	133,939
Financial liabilities not measured at fair value:			
Accounts payable and accrued liabilities	800	-	800
Redemption payable	81	-	81
Due to related parties	594	-	594
Net assets attributable to holders of redeemable units	150,088	-	150,088

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

9. Fair value measurement (continued):

There were no transfers between Level 1, Level 2 and Level 3 during the period ended September 30, 2024 and year ended December 31, 2023.

The valuation techniques and inputs used for the Trust's financial instruments are as follows:

(a) Investment held at fair value:

The Trust's investment recorded at fair value was initially valued at the net asset value of Trez Capital Private Real Estate Fund US Master Limited Partnership at the investment date. The Investment is revalued monthly based on the underlying fair value methodology of Trez Capital Private Real Estate Fund US Master Limited Partnership.

A reconciliation of Level 3 assets at September 30, 2024 is as follows:

Investments held at fair value, December 31, 2022	$	103,963
Net additions to investments		23,838
Unrealized change in fair value		6,138
Investments held at fair value, December 31, 2023		133,939
Net additions to investments		18,610
Unrealized change in fair value		1,322
Investments held at fair value, September 30, 2024	$	153,871

The key valuation techniques used in measuring the fair values of the investment held at fair value include:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Adjusted NAV	Discount rate	The estimated fair value would
Direct comparison	Comparable properties	increase/ (decrease) with changes
Direct capitalization	Capitalization rate	in significant unobservable inputs

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

9. Fair value measurement (continued):

(a) Investment held at fair value (continued):

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on investments held at fair value:

September 30, 2024	Sensitivity used*	Effect on fair value
Input:		
Discount rate	0.25%	$ 4,527
Capitalization rate	0.25%	10,478
Comparable properties (price per square foot)	1%	1,070

December 31, 2023	Sensitivity used*	Effect on fair value
Input:		
Discount rate	0.25%	$ 4,629
Capitalization rate	0.25%	8,948
Comparable properties (price per square foot)	1%	779

* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

(b) Foreign currency derivatives:

The Trust has entered into foreign exchange contracts to mitigate the impact from fluctuations in foreign exchange rates. The Manager determines the fair value of foreign currency derivatives with reference to quotations from third-party derivative dealers and accepts the amount as fair value for the derivatives. As a result, the fair value of foreign currency derivatives is based on Level 2 inputs.

(c) Other financial assets and liabilities:

The carrying values of cash and cash equivalents, subscriptions receivables, due from related parties, accounts payable and accrued liabilities, redemptions payable and due to related parties approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

(d) Net assets attributable to the holders of redeemable units:

The Trust routinely issues redeemable units at the amount equal to the proportionate share of net assets of the Trust at the time of subscription, calculated on a basis consistent with that used in these interim condensed consolidated financial statements. Accordingly, the carrying amount of the net assets attributable to the holders of redeemable units approximates their fair value and are based on Level 2 inputs.

10. Financial instruments and risk management:

The Trust has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Manager's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust may be exposed to a number of risks that could affect its operating performance. Management's close involvement in operations will help to identify risks and variations from expectations. The Trust has not designated any transactions as hedging transactions to manage risk.

As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Trust, resulting in a financial loss to the Trust. This risk arises principally from investments held at fair value. For risk management reporting purposes, the Trust considers and consolidates all elements of credit risk exposure (such as location risk).

The Trust's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk through oversight by the Managers acquisition committee, which oversees investments made by Trez Capital Private Real Estate Fund US Master LP.

Credit risk is monitored on an on-going basis by the Manager in accordance with policies and procedures in place.

The Trust's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at September 30, 2024 and December 31, 2023 is represented by the respective carrying amounts of the relevant financial assets in the Interim Condensed Consolidated Statement of Financial Position.

(b) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

10. Financial instruments and risk management (continued):

(b) Liquidity risk (continued):

The Trust's liquidity requirements relate to its obligations under accounts payable and accrued liabilities, holders of redeemable units following the restriction period, and its obligations to make future advances to its investments held at fair value. Liquidity risk is managed by ensuring that the sum of cash available exceeds projected needs.

Accounts payable and accrued liabilities arise from normal operating expenses and are expected to be settled within three months of the period end.

Unitholders of the Trust have the limited right to redeem their units in the Trust, as described in its Offering Memorandum and paragraph 8.15 of the Trust's Declaration of Trust. The Manager is entitled to extend the time for payment of any unitholder redemption during any period in which the Manager determines that conditions exist which render the sale of assets of the Trust to be impractical or impair the ability of the Manager to determine the net asset value of the Trust.

In Management's opinion, the Trust has sufficient resources to meet its current cash flow requirements.

(c) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Trust's fair value of its investments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective which is to invest in a diversified portfolio of real property and development projects within Canada and the US that preserves capital and generates returns.

The Trust's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place.

(*i*) Interest rate risk:

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As described in Note 6, units are retractable by Unitholders. A significant rise in interest rates may cause Unitholders to redeem their Units and could cause a shortfall in funds available to meet such redemptions. The Trust manages interest rate risk through the unitholder restrictions outlined in Note 6.

(*ii*) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust's functional currency is US dollars however the Trust receives unit subscriptions in Canadian dollars. The Trust has put in place steps to mitigate the impacts from fluctuations in foreign exchange as the Trust as detailed in Note 5.

10. Financial instruments and risk management (continued):

(c) Market risk (continued):

(*iii*) Other price risk (continued):

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to price risk because of its investment in real estate and development projects through its investment held at fair value. These risks arise from changes in the real estate market and could be local or national in nature. Deteriorating real estate values increase the Trust's risk. The Trust manages these risks by actively maintaining strong relationships with developers and through geographic diversification of investments held by Trez Capital Private Real Estate Fund US Master LP.

11. Capital management:

The Trust considers net assets attributable to holders of redeemable units to be capital, which at September 30, 2024 totaled $158,560 (December 31, 2023 - $150,088).

The Trust's objective when managing capital is to maintain its ability to continue as a going concern and ensure that it has sufficient resources to be able to generate returns for its investors.

The Trust is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Trust agreement.

12. Reconciliation between net assets attributable to holders of redeemable units per unit and net asset value per unit for transactional purposes:

The net assets in these financial statements have been prepared in accordance with IFRS ("IFRS Net Assets"). For the purposes of subscribing and redeeming units of the Trust, the Trust has valued units in accordance with the Trust's valuation policy outlined in the Trust's Offering Memorandum ("Pricing NAV").

IFRS Net Assets per redeemable unit is computed by dividing the net assets attributable to each class determined in accordance with IFRS, by the total number of units of the class outstanding. Pricing NAV per redeemable unit is computed by dividing the NAV attributable to the class of the Trust, determined for the purchase and redemption of units in accordance with the Trust's Offering Memorandum, by the total number of units of the class outstanding. This amount is different from the Net Assets per unit presented on the Interim Condensed Consolidated Statement of Financial Position.

The differences are primarily comprised of:

(a) The amortization of certain expenses including but not limited to legal and accounting costs, acquisition fees, commission expenses, start-up expenses and the Managers participating interest vested. These expenses are being amortized, for Pricing NAV purposes, over periods ranging up to 15-years.

(Amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

12. Reconciliation between net assets attributable to holders of redeemable units per unit and net asset value per unit for transactional purposes (continued):

(b) Preferred interest capitalized, for Pricing NAV purposes, into a non-stabilized real estate development's project cost basis and expensed generally when the investment begins to produce sufficient development profit allocation or other appraised accretion of value. Preferred interest is incurred at various Aggregator Limited Partnerships level. Generally, a non-stabilized investment is not fully constructed and, if for leasing, is not fully leased at market comparable rates.

(c) Debt valuation adjustment relates to fair value measurement of stabilized and non-stabilized real property liabilities incurred to finance the real estate projects. In accordance with the Trust's valuation policy such liabilities will be measured at either fair value or amortized cost using effective interest rate method. For Pricing NAV, the real property liabilities are measured at amortized cost using effective interest rate method.

(d) Due to the above differences, the deferred tax balance for Pricing NAV purposes is different from the balance presented on the Interim Condensed Consolidated Statement of Financial Position.

The difference between the Pricing NAV and the net assets, excluding the Series Manager Unit, reflected in the interim condensed consolidated financial statements was as follows:

	Sept 2024	Dec 2023*
Redeemable units, representing net assets attributable to holders of redeemable units	$ 158,560	$ 150,088
Manager's participating interest	(7,304)	(6,141)
Accumulated other comprehensive income	102	52
	$ 151,358	$ 143,999
Units issued and outstanding, excluding Series Manager Unit	1,391	1,306
IFRS net assets per unit	$ 108.77	$ 110.27
Unamortized expense adjustments*	8.87	9.83
Exit fee/closing cost provision	(1.20)	-
Debt valuation adjustment	-	(2.74)
Pricing NAV per unit**	$ 116.44	$ 117.36

* Net of deferred tax balance difference (Note 12(c)).

** Pricing NAV per unit includes series A, F and I. The Trust calculates a separate NAV per unit for series A (introduced in April 2023). For simplicity, the IFRS to pricing reconciliation above shows total NAV per unit (inclusive of series A, F and I).

CERTIFICATE OF THE TRUST

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

This Offering Memorandum does not contain a Misrepresentation.

DATED EFFECTIVE this 31st day of January, 2025.

TREZ CAPITAL PRIVATE REAL ESTATE FUND TRUST
By its Trustee, TPREF Holdings Limited

"John Maragliano"
(Signed) John Maragliano
Co-Chief Executive Officer, Chief Financial Officer and Director

On behalf of the Directors of TPREF Holdings Limited

"Morley Greene"
(Signed) Morley Greene
Director

"John Maragliano"
(Signed) John Maragliano
Director

By its Manager, Trez Capital Fund Management Limited Partnership,
by its general partner, Trez Capital Fund Management (2011) Corporation

"John Maragliano"
(Signed) John Maragliano
Co-Chief Executive Officer, Chief Financial Officer and Director

On behalf of the Directors of Trez Capital Fund Management (2011) Corporation, the general partner of Trez Capital Fund Management Limited Partnership

"Morley Greene"
(Signed) Morley Greene
Director

"John Maragliano"
(Signed) John Maragliano
Director